

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

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FILER

TRANSMEDIA EUROPE INC

CIK: **906908** | IRS No.: **133701141** | State of Incorpor.: **DE** | Fiscal Year End: **0930**
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Mailing Address	Business Address
<i>C/O WALTER M EPOTIN</i>	<i>11 ST JAMES SQUARE</i>
<i>30 ROCKEFELLER PLZ 29TH</i>	<i>LONDON SW1Y 4LB ENGL XO</i>
<i>FL</i>	
<i>NEW YORK NY 10112</i>	

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

FORM 10-K (Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the fiscal year ended SEPTEMBER 30, 1996

OR\

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____
Commission file number 0-24404

TRANSMEDIA EUROPE, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE 13-3701141

(State or other jurisdiction (I.R.S. Employer
of incorporation of organisation Identification No.)

11 ST. JAMES'S SQUARE, LONDON SW1Y 4LB, ENGLAND

(Address of principal executive offices) (zip code)

U.K. 011-44-171-930-0704

(Registrant's telephone number,
including area code)

Securities registered pursuant to Section 12 (b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
NONE	NONE

Securities registered pursuant to Section 12 (g) of the Act:

COMMON STOCK, PAR VALUE \$.00001 PER SHARE

(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes /X/ No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of voting stock held by non-affiliates of the Registrant as of December, 18 1996 was: \$10,487,248, based upon the last sales price on such date of a share of Common Stock on Nasdaq SmallCap Market.

Number of shares outstanding of Registrant's Common Stock, as of December 18, 1996: 12,841,180

DOCUMENTS INCORPORATED BY REFERENCE:

Document -----	Location in Form 10-K in which Document is Incorporated -----
Registrant's Proxy Statement relating to the 1997 Annual Meeting of Stockholders	Part III

ITEM 1 - BUSINESS

BACKGROUND

Transmedia Europe, Inc. is a Delaware corporation which was formed in February 1993 and began business operations in London, England, in October 1993. As used in this Report, the term "Company" includes Transmedia Europe Inc. and its subsidiaries unless otherwise indicated. On May 19, 1993 the Company acquired from Conestoga Partners, Inc. ("Conestoga") the rights Conestoga had previously acquired from Transmedia Network, Inc. ("Network"), an independent company which owns less than 5% of the Company, through Network's affiliate TMNI International Inc., pursuant to a Master License Agreement ("License Agreement") dated December 14, 1992 as amended April 12, 1993 and August 11, 1993. The rights acquired were an exclusive license (the "License") to use certain trademarks and service marks, proprietary computer software programs and know-how of Network in establishing and operating a discount restaurant charge card business in all the countries of Europe, Turkey and the other countries outside of Europe that were formerly part of the Union of Soviet Socialist Republics (the "Licensed Territories").

BUSINESS ACTIVITIES

The business of the Company is the exploitation of the rights acquired under the License Agreement. The Company is currently operating in the United Kingdom and plans in the future to develop the License within the Licensed Territories directly, through subsidiaries, and through the sale of sub-licenses and franchises to others. In June 1995 the Company announced a joint venture to operate the Restaurant Card in France, which joint venture began operations in April 1996.

The Company advances money to restaurants selected by it which agree to become participating restaurants ("Company Participating Restaurants") in exchange for food and beverage credits, typically in the ratio of (pound)2 of food and beverage credits for every (pound)1 advanced. The Company recovers its advances ("Restaurant Credits") from food and beverages purchased net of taxes and service ("Food and Beverage Credits") from Company Participating Restaurants by cardholders ("Company Cardholders"), who complete applications to become holders of the restaurant card ("The Restaurant Card") offered by the Company and are accepted. The Company keeps a current record of the amount of Food and Beverage Credits outstanding at each Company Participating Restaurant. As food and beverages are consumed by Company Cardholders at Company Participating Restaurants by such Company Cardholders charging the retail price of such food and beverages with The Restaurant Card, the Food and Beverage Credits outstanding are reduced and the Restaurant Credits outstanding are also reduced by one-half of such Food and Beverage Credits used.

Each Company Cardholder receives on each purchase a credit equal to either 20% or 25% of the Food and Beverage Credits used. The Company Participating Restaurant is paid its taxes and service by the Company from a portion of the proceeds received by the Company from the payment by a Company Cardholder of the amount charged on The Restaurant Card. The Company retains the balance which reduces the Restaurant Credits by 50% of the Food and Beverage Credit used. The Company pays a royalty of 2% of Food and Beverage Credits used to Network and 2.5% of Food and Beverage Credits used as sales commissions.

The Restaurant Card is a discount restaurant charge card used by a Company Cardholder in lieu of a major credit card to charge food and beverages purchased at a Company Participating Restaurant. The Restaurant Card charges are transferred to the major credit card used by the Company Cardholder as listed in his application for the Restaurant Card. The full amount of the charge is listed on the major credit card bill along with a separate credit equal to either the 20% or 25% of the cost of food and beverages at a Company Participating Restaurant (excluding taxes and service). As at December 18, 1996, the Company had approximately 430 Company Participating Restaurants and approximately 48,000 Company Cardholders. Company Cardholders either have a 20% free membership card, introduced during 1996, or a 25% membership card with an annual fee of 35 pounds (UK). The annual fee is waived for an initial period of up to six months in most instances or otherwise shared with the entity which assists in obtaining the new account.

The Company receives its revenues from (a) the difference between the amount of its Restaurant Credits to Company Participating Restaurants and Food and Beverage Credits used at Company Participating Restaurants by Company Cardholders, net of either the 20% or 25% discount to Company Cardholders, sales commissions and the Network royalty, (b) annual membership fees and renewal fees of Company Cardholders, and (c) sub-license and franchise

fees when and if received by the Company from future franchises and sub-licenses, net of minimum up-front payments to Network with regard to such franchises and licenses. The Company obtains the majority of its Company Cardholders through promotional campaigns with joint marketing partners such as newspapers, banks, and companies involved in the travel/leisure business. Joint marketing partners have included MBNA, Barclays Bank, Financial Times and The Sunday Times. The Company will continue to develop additional campaigns to attract new Company Cardholders. Any campaign is likely to involve the waiver of the annual fee for some limited period of time, typically up to a maximum of 6 months. The Company has recently launched a 20% free membership card with MBNA as joint marketing partner.

On June 30, 1995 the Company announced the establishment of Transmedia La Carte Restaurant S.A. ("Transmedia France"), in which it would be a major shareholder, to operate the Restaurant Card in France. The total share capital of Transmedia France is 25,000,000 Ffr (approximately \$5,000,000) of which the Company invested 9,000,000 Ffr (approximately \$1,660,000).

The Company granted a sub-license to operate the Restaurant Card in France to Conestoga Partners, Inc. for an initial fee of \$1,000,000, which has been paid. The sub-license has subsequently been transferred to Transmedia France for the same consideration. The Transmedia License requires the payment of a one time royalty to Network in the event that the Company opens in another country, being the greater of \$250,000 or 25% of the initial license payment, and \$250,000 was paid during the year ended September 30, 1995. Under the terms of the sub-license agreement the Company will receive, quarterly in arrears, a royalty from Transmedia France of 5% of gross sales of which 2% will be paid to Network.

The shareholders agreement provides for "put" and "call" options. The Company has a call option to acquire 100% of Transmedia France in the fourth year of operations at a price based upon a valuation equal to ten times operating cash flows. The joint venture partners have put options in years 2 and 4. The basis for valuation under the year 2 option is equal to 120% of capital invested and under the year 4 option is equal to ten times operating cash flows. Since the restaurant card business is considered to be a banking activity under French law, Transmedia France is required to have, a banking license. Transmedia France applied for and was granted a provisional banking license necessary for its operations. Management considers the grant of the provisional bank license to have been a significant accomplishment since, in addition to authorising operations in France, it may establish a precedent throughout the rest of the European Union easing expansion into other countries.

A test launch to approximately 400 cardholders is being used to evaluate and develop systems, especially the newly developed swipe card facility, prior to the main launch. Transmedia France has recruited approximately 200 restaurants in France.

On April 19, 1996 Transmedia France completed a rights issue of shares. Whilst the Company declined to subscribe it did acquire 15,000 shares, in an unrelated transaction, from International Advance, Inc., a company of which Edward J Guinan III, President of the Company, is the principal shareholder and an officer and director, in exchange for \$300,000 and certain rights to jointly develop systems unrelated to the business of Transmedia France. Accordingly the Company's interest was reduced to 36%. In December 1996 the Company reached an agreement, effective January 1997, with Transmedia France under which it granted sub-licenses for Belgium/Luxembourg, Spain, Italy and French speaking Switzerland for 9,250,000Ffr (approximately \$1,780,000). This payment will be used by the Company to increase its interest in Transmedia France to 60%. Network has agreed to defer the 25% royalties due upon the completion of the agreement (\$800,000 in aggregate) with payment to be made as each country area is opened of \$250,000 except for \$50,000 for French speaking Switzerland. Under certain circumstances the payment schedule might be accelerated.

Network, from whose affiliate, TMNI, the License was granted and on whose business the Company's operations are modelled, is a publicly traded company operating in the United States both directly and through licensees and franchisees. Under the License the Company is authorised to engage in business within the Licensed Territories in the same manner as Network operates in the United States, except that under the License Agreement the Company must pay certain royalties to Network based both on operations and the sale of license rights and must get the approval of Network for certain changes in key executives and principal shareholdings.

In December 1996 Network and TMNI agreed, at the Company's request, to amend the License. The principal revisions are that the Company is now permitted to expand into new businesses, acquire Countdown PLC and

undertake a corporate restructure. In consideration a \$750,000 fee will be payable when, and if, the acquisition of Countdown PLC is completed and a \$250,000 fee will be payable when, and if, a corporate restructuring is completed. Network owns 496,284 shares of the Company's Common Stock, which it acquired as partial consideration for the sale of the License to the Company, and has the right to designate one director of the Company, which right is not currently being exercised. The Company has no ownership interest in Network. Company Cardholders and cardholders of Network and its franchisees are able to use The Restaurant Card to purchase meals in all territories covered by the Company, Network and its franchisees. The Company will realise all financial benefits from meals consumed within the Licensed Territories and no financial benefit from meals consumed outside of the Licensed Territories.

Transmedia Asia Pacific, Inc. ("Transmedia Asia Pacific"), of which Edward Guinan III, President of the Company, is the principal shareholder and an officer and director, has acquired an equivalent license from TMNI covering essentially all of Asia and other Pacific Rim countries. Transmedia Asia Pacific commenced operations in Sydney, Australia in November 1994 and has obtained approximately 22,000 cardholders since its launch. Transmedia Asia Pacific licenses certain operating software from the Company at an annual fee.

TRANSACTION ILLUSTRATION

The following is a descriptive illustration of a hypothetical transaction by a Company Cardholder at a Company Participating Restaurant.

The Company, through a commissioned sales representative, recruits Restaurant A, a full service restaurant operating in London, as a Company Participating Restaurant. The Company grants Restaurant Credits in the amount of 3,000 pounds (UK) which entitles the Company to collect the proceeds from 6,000 pounds (UK) of Food and Beverage Credits charged by Company Cardholders on The Restaurant Card at Restaurant A. John Smith, a Company Cardholder, enjoys a meal at Restaurant A and pays the 100 pound (UK) check (consisting of 80 pounds (UK) for food and beverages and 20 pounds (UK) for taxes and service) with The Restaurant Card. Mr Smith presents The Restaurant Card. Restaurant A delivers The Restaurant Card receipt for Mr Smith's meal to the Company for processing through the Major Credit Card Account designated by Mr Smith in The Restaurant Card application and for payment. The Company utilises 80 pounds (UK) of Restaurant A's Food and Beverage Credits (for which it has made Restaurant Credits of 40 pounds (UK)) and reduces the Restaurant Credits due to it from Restaurant A by 40 pounds (UK). The Company then submits a credit to Mr Smith's Major Credit Card Account in the amount of 20 pounds (UK) (representing 25% of the 80 pounds (UK) of food and beverages consumed). Upon receipt of The Restaurant Card receipt of Mr Smith of 100 pounds (UK), the Company forwards 20 pounds (UK) of this amount (representing the tax and service portion of Mr Smith's meal check) to Restaurant A. The Company forwards 1.60 pounds (UK) as a royalty to Network (2% of the 80 pounds (UK) of Food and Beverage Credits used) and keeps 58.40 pounds (UK). This compares with Restaurant Credits made by the Company of 40 pounds (UK) to Restaurant A and the 80 pounds (UK) of Food and Beverage Credits utilised in providing Mr Smith his meal. The Company is responsible for paying the commissions of its sales representatives whose commissions are currently 2.5% of Food and Beverage Credits used.

The allocation of the hypothetical 100 pound (UK) check can be summarised as follows:

<TABLE>
<CAPTION>

Name	Amount Received	Nature of Allocation
----	-----	-----
<S> Mr Smith charges	<C> 20 pounds (UK)	<C> 25% of food and beverage (exclusive of tip and taxes) credited to his Major Credit Card account.
Restaurant A	20 pounds (UK)	Payment of service and taxes.
Restaurant A	-0-	The Restaurant Credits due to the Company by Restaurant A are reduced by 40 pounds (UK).
Network	1.60 pounds (UK)	A royalty fee of 2% of the 80 pounds (UK) of Food and Beverage Credits used is payable to

The Company 58.40 pounds (UK)

Network.

This represents a reduction of Restaurant Credits by 40 pounds (UK) plus 18.40 pounds (UK) of gross profit.

From this amount a sales representative of the Company will typically receive a commission of 2.5% of Food and Beverage Credits used or in this example 2 pounds (UK).

</TABLE>

- 3 -

5

EMPLOYEES

As of December 11, 1996, the Company employed 19 persons, none of whom are affiliated with a union. The Company believes that its relationship with its employees is good.

COMPETITION

The charge card business, including the discount restaurant card business, is highly competitive, both internationally and in the United Kingdom. The Company competes to enrol Company Participating Restaurants and Company Cardholders against other discount programs. Competitors include discount programs offered by major credit card companies such as American Express, Barclaycard, and the NatWest Card, as well as Visa, Mastercard and Diners Club. Moreover, other companies offer different kinds of discount marketing programs relating to sales at their own outlets. Many of the Company's competitors are larger than the Company and have substantially greater financial, personnel, technological, marketing, administrative and other resources than the Company.

The Company believes that the unique feature of The Restaurant Card is that it can be used by Company Cardholders at Company Participating Restaurants with virtually no restrictions, that The Restaurant Card provides substantial savings without the need for a Company Cardholder to present discount coupons when paying for a meal, and that Company Participating Restaurants are provided with cash in advance of customer charges. The Company believes that all these features contribute to the Company's competitiveness. Although the Company is not aware of any discount programs featuring either restaurant financing or discount restaurant charge cards, in any of the areas in the Licensed Territories, there is no guarantee that others will not offer, in the future, similar services in any of the Licensed Territories.

The Company also believes that advertising and promotion, which will require significant cash outlays, will be necessary to maintain competitiveness. However, competitive pressure may require significant additional cash expenditures for advertising and promotion, the amount and timing of which may be dictated in part by the marketing policies of competitors. If the revenues from the Company's operations are insufficient to permit management to match promotional campaigns of competitors, the number of Company Cardholders and Company Participating Restaurants in the Licensed Territory may decline, with a resulting adverse effect on the Company's financial condition.

GOVERNMENT REGULATION

The Company believes that it possesses all governmental permits or licenses necessary to operate in the United Kingdom and that its affiliate has obtained provisional governmental approval to operate The Restaurant Card in France. However, other than in the United Kingdom and France, it does not possess any governmental permits or licenses for other portions of the Licensed Territories and has not inquired yet whether any permits or licenses will be required. In the event permits or licenses are necessary for the conduct of the Company's business in other portions of the Licensed Territories, or that additional licenses or permits are required in respect of operations in the United Kingdom, there is no guarantee that the Company will be able to procure them, the failure of which could have a material adverse effect on the Company's ability to operate or expand its operations in the Licensed Territories.

ITEM 2 - PROPERTIES

The Company leases office space of approximately 3,400 square feet in London at 11 St. James's Square. The lease is for a period of 5 years expiring on September 8, 1998, at a net rental of \$150,846 per annum.

ITEM 3 - LEGAL PROCEEDINGS

The Company is the defendant in a law suit relating to the granting of a sub-license to operate in Belgium. Management believe that the ultimate outcome of the case will not have a material impact on the financial statements. Otherwise at the date of this Report there are no other material legal proceedings pending involving the Company.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the quarter ended September 30, 1996, no matters were submitted to a vote of the security holders.

- 4 -

6

PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Market Information: Since August 23, 1994, shares of the Company's Common Stock \$.00001 par value (the "Common Stock") have traded on Nasdaq SmallCap Market (symbol "TMNE"). The following table sets forth, for the periods indicated and as reported by Nasdaq SmallCap Market, the high and low sales prices for shares of the Common Stock.

<TABLE>

<CAPTION>

Quarter Ended -----	High ----	Low ---
<S>	<C>	<C>
December 31, 1994	\$ 3 3/4	\$ 2 3/8
March 31, 1995	\$ 4	\$ 2 1/8
June 30, 1995	\$ 4 1/4	\$ 2 33/64
September 30, 1995	\$ 3 1/4	\$ 2
December 31, 1995	\$ 2 1/2	\$ 1 5/8
March 31, 1996	\$ 2 1/4	\$ 1 3/16
June 30, 1996	\$ 3 1/8	\$ 1 1/8
September 30, 1996	\$ 2 7/8	\$ 1 3/8
September 30, 1996 through December 18, 1996	\$ 1 3/4	\$ 1

</TABLE>

- (b) Holders of Common Stock: The number of stockholders of record of the Common Stock on December 18, 1996, was approximately 200. The Company believes that in addition there are a significant number of beneficial owners of its Common Stock whose shares are held in "Street Name".
- (c) Dividends: The Company has never paid cash dividends with respect to the Common Stock, except for stock dividends paid to founders on inception. The Company intends to retain future earnings, if any, that may be generated from the Company's operations to help finance the operations and expansion of the Company and accordingly does not plan, for the foreseeable future, to pay dividends to holders of the Common Stock. The Company issued 590,857 shares of 6 1/2 % Convertible Preferred Stock in July 1995 and paid dividends on these shares on November 1, 1995 and May 1 1996 and intends to pay dividends semi-annually in arrears thereafter. Such dividends have been provided for in the financial statements as at September 30, 1996. Any decision as to the future payment of dividends on Common Stock will depend on the results of operations and financial position of the Company and such other factors as the Company's Board of Directors, in its discretion, deems relevant.
- (d) Recent sales of unregistered securities: In August 1996 the Company issued 892,857 shares of Common Stock for cash to one investor at a price of \$1.40 per share. In December 1996 the Company issued a further 556,250 shares of Common Stock for cash to nine investors at a price of \$2.00 per share. With regard to both issues the Company has claimed an exemption from the registration requirements of the Securities Act of 1933, as amended ('Securities Act') by relying on section 4 (2) of the Securities Act, which allows for an exemption for transactions by an issuer not involving a public offering, and the rules and regulations thereunder. No underwriter was involved in these transactions.

-5-

7

ITEM 6 - SELECTED FINANCIAL DATA

The following table sets forth a summary of selected financial data for each of the last three fiscal years. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements of the Company included in this Report.

Income Statement Data

	Fiscal Years ended September 30,		
	1996	1995	1994
	-----	-----	-----
<S>	<C>	<C>	<C>
Total revenues and fees	\$ 3,696,400	\$ 3,967,997	\$ 2,178,722
Gross profit	1,610,495	1,701,411	817,778
Loss from operations	(2,059,812)	(2,114,975)	(2,038,128)
Net loss after preferred share dividends	\$ (2,695,524)	\$ (2,215,452)	\$ (1,945,236)
Net loss per common share	\$ (0.24)	\$ (0.19)	\$ (0.19)

Balance Sheet Data

	As at September 30,		
	1996	1995	1994
	-----	-----	-----
<S>	<C>	<C>	<C>
Restaurant credits	\$1,309,279	\$1,622,571	\$1,581,898
Intangible assets	1,297,026	1,405,112	1,513,198
Total assets	3,926,355	5,821,680	4,647,125
Total liabilities	1,774,166	2,008,620	915,513
Total equity	2,152,189	3,813,060	3,731,612

Other Data

<S>	<C>	<C>	<C>
Number of Participating Restaurants	440	460	430
Number of Company Cardholders	43,500	19,000	14,000

- 6 -

8

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The discussion and analysis of financial condition and results of operations should be read in conjunction with the consolidated financial statements, the related disclosures and the selected financial data.

The nature of the Company's business is such that there is a lead time before profitable operations can be anticipated. This is demonstrated in the financial

results for the years ended September 30, 1996, 1995 and 1994. The success of the Company is dependent upon increasing the number of Company Cardholders and Company Participating Restaurants, as well as obtaining increased usage of The Restaurant Card by Company Cardholders. Our joint venture marketing partners are predominantly large size organisations, with lengthy internal procedures. Consequently preparing campaigns for launch and the resulting anticipated increase in Company Cardholders is taking considerably longer than was initially anticipated. As of December 18, 1996 the Company had approximately 48,000 Company Cardholders and 430 Company Participating Restaurants.

Certain statements in this Report under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding future cash requirements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: the loss of a large number of Company Cardholders or Company Participating Restaurants; general economic and business conditions; industry capacity; industry trends; demographic changes; competition; changes in business strategy or development plans; quality of management; availability, terms and deployment of capital; business abilities and judgment of personnel; availability of qualified personnel; changes in, or the failure to comply with, government regulations; and other factors referenced in this Report.

RESULTS OF OPERATIONS

YEAR ENDED SEPTEMBER 30, 1995 COMPARED TO YEAR ENDED SEPTEMBER 30, 1994

The Company generated revenues of \$3,399,831 (an increase of 66% over 1994) for the year ended September 30, 1995. The increase in revenues reflected the activity generated by an existing cardholder base for a full twelve months and new cardholder's obtained primarily from The Times of London and Sunday Times promotions. The Company increased its number of Cardholders from 14,000 to 19,000 and increased its number of Participating Restaurants from 430 to 460 at September 30, 1994 and at September 30, 1995 respectively. Membership fees for the year ended September 30, 1995 of \$518,166 were significantly greater than the \$85,847 reported for 1994 and are as a result of the Company billing Company Cardholders for the first time following the typically waived membership period. Other income represents the non-refundable deposits received for two 90 day options to acquire the franchise for Belgium, which have now lapsed.

Cost of sales amounted to \$2,266,586 (an increase of 66% over 1994) for the year ended September 30, 1995, in line with the 66% increase in revenues. Cost of sales are approximately 50% of the gross food and beverages value consumed by Company Cardholders and represents the recovery of the restaurant credits made by the Company to the respective Company Participating Restaurants.

Selling, general and administrative expenses, consisting primarily of the costs of operations, for the year ended September 30, 1995 amounted to \$3,816,386 representing an increase of 33% over 1994. In the quarter ended September 30, 1995 the Company incurred a number of additional costs relating to: the development of card marketing opportunities and cardholder activity of \$90,000, system development costs of \$200,000, an increased general provision for irrecoverable restaurant credits of \$100,000, and the \$250,000 royalty payment to Network on the granting of the French sub-license. All system development costs for the Company and Transmedia Asia Pacific Inc. were consolidated into the Company where the Company is making enhancements to the system and converting the system to operate in France and other countries. An agreement exists between the Company and Transmedia Asia Pacific, Inc. to supply the system for an initial fee of \$50,000 paid in fiscal year 1994 and an annual fee of \$12,000. The Company may receive income in the future for the supply of the system to other countries.

-7-

9

The Company earned \$28,978 for the 1995 fiscal year from the temporary investment of excess cash funds. The Company remains in a net operating loss carry forward position for income tax purposes and no tax benefit has been recognised for the year ended September 30, 1995.

YEAR ENDED SEPTEMBER 30, 1996 COMPARED TO YEAR ENDED SEPTEMBER 30, 1995

The Company generated revenues of \$3,125,975 (a decrease of 8% over 1995) for the year ended September 30, 1996. The decrease in revenues is principally due to the fact that The Times of London and Sunday Times promotions in 1995 gave rise to a high level of non repeat business which has not been fully replaced by the revenues generated by the 1996 campaigns. The Company increased its number

of Cardholders from 19,000 to 43,500 at September 30, 1995 and at September 30, 1996 respectively, largely as a result of the 17,500 Company Cardholders produced by the MBNA campaign since August 1996. The Company marginally decreased its number of Participating Restaurants from 460 to 440 at September 30, 1995 and at September 30, 1996 respectively. This decrease is attributable to the Company's policy of rationalising Participating Restaurants with low levels of business. Membership fees for the year ended September 30, 1996 of \$570,425 are 10% higher than 1995 as a result of the increasing numbers of Company Cardholders.

Cost of sales amounted to \$2,085,905 (a decrease of 8% over 1995) for the year ended September 30, 1995, in line with the 8% decrease in revenues.

Selling, general and administrative expenses, consisting primarily of the costs of operations, for the year ended September 30, 1996 amounted to \$3,670,307 representing a decrease of 4% over 1995. The decrease can be attributed to a cost evaluation exercise that was undertaken in June 1996 which resulted in savings in printing and staff costs.

Transmedia France incurred losses of approximately \$1,250,000 after revenues of \$156,370, for the year ended September 30, 1996, being its first year of operations which commenced on a trial basis in April 1996. The Company's share of those losses amounted to \$509,404. For the year ended September 30, 1995 Transmedia France incurred pre-trading losses of approximately \$182,624. The Company's share of those losses amounted to \$92,455.

The Company earned \$8,112 for the 1996 fiscal year from the temporary investment of excess cash funds. The Company remains in a net operating loss carry forward position for income tax purposes and no tax benefit has been recognised for the year ended September 30, 1996.

LIQUIDITY AND CAPITAL RESOURCES

The Company was initially capitalised with 6,206,896 shares, (after giving retroactive effect to stock dividends,) for consideration of \$500. On August 11, 1993, the Company issued 3,718,784 shares of common stock of which (i) 225,000 shares were issued to Conestoga, a corporation which is related to the Company by virtue of the majority shareholding in Conestoga held by Edward J. Guinan III, the President, Chief Executive Officer and Director of the Company, in consideration of costs incurred on behalf of the Company by Conestoga, with respect to raising capital for the Company; (ii) 496,284 shares were issued to Network, as partial consideration for the purchase of the License; (iii) 275,000 shares were issued to Conestoga as reimbursement for a down payment of \$275,000 made by Conestoga to Network for the purchase of the License; and (iv) the remaining 2,722,500 shares were sold to private investors in a private placement at an offering price of \$1 per share. In addition, the Company issued 85,000 shares of Common Stock as consideration for services rendered in connection with the raising of capital in the Company's private placement of shares in August 1993, of the cash proceeds of \$2,722,500, \$850,000 was paid to Network for further consideration for the purchase of the Transmedia License from the private placement of shares, leaving a balance, after issue costs, of \$1,744,623 available to the Company for use as working capital in respect of the utilisation by the Company of its rights under the License Agreement.

In February 1994, the Company completed a second private placement of 700,000 shares of Common Stock at a price of \$3 per share. The net proceeds of such private placement were used as working capital in respect of the utilisation by the Company of its rights under the License Agreement. In addition, the Company separately issued 10,000 shares of Common Stock as consideration for services rendered in connection with the raising of capital in the second private placement in February 1994.

In July 1995 the Company issued 590,857 shares of 6 1/2% Convertible Preferred Stock at a price of \$3.50 per share. The net proceeds of \$1,964,600 have been used to finance the Company's investment in France and to provide working capital to existing operations.

-8-

10

In July 1996 the Company issued 892,857 shares of Common Stock at a price of \$1.40 per share. The net proceeds of \$1,235,000 have been used to provide working capital to existing operations. In December 1996 the Company issued 556,250 shares of Common Stock at a price of \$2.00 per share. The net proceeds of \$1,097,500 will be used to provide working capital to existing operations.

Net cash used in operating activities for the years ended September 30, 1996, 1995 and 1994 were \$1,189,923, \$1,071,496 and \$2,456,271, respectively, of which \$206,619, \$(323,052) and \$(1,659,726), respectively, represents the net cash inflow/(outflow) for advances to Company Participating Restaurants. These cash outflows were funded by the 1994 issue of Common Stock which generated \$2,031,097, the 1995 issue of 6 1/2% Convertible Preferred Stock and the 1996 issue of Common Stock.

The Company made investments in Transmedia France of \$300,000 and \$1,500,000 during the years ended September 30, 1996 and 1995, respectively. In addition, there were cash flows to related parties of \$338,053, \$55,965 and \$201,282 for the years ended September 30, 1996, 1995 and 1994, respectively.

In June 1996 the Company purchased 148,853 and 48,142 shares of Common Stock from E Guinan III and Conestoga Partners Inc. at \$2.625 per share, as repayment of their outstanding loans.

The Restaurant Credits are generally unsecured and are recoverable only as Company Cardholders utilise The Restaurant Card at the respective Company Participating Restaurant. In a small number of cases, the Company may request a personal guarantee from the owner. Generally, no other forms of collateral or security are obtained from restaurant owners. Recovery of Restaurant Credits as well as generation of gross profit from operations is strongly dependent upon the frequency of use by existing Company Cardholders of The Restaurant Card. The Company makes provisions for irrecoverable restaurant credits.

With the exception of the commitments made to the joint venture in France and those made under the license as disclosed above, the Company has not made any other significant capital commitment. The Company does not have an immediate plan to make other significant capital commitments related to the operation of its business in the United Kingdom.

Although the Company anticipates that its current cash, together with revenues expected to be derived from operations, should, based upon its internal calculations, be sufficient to fund operating, and other capital needs for the next year, the Company will be required to seek additional financing during such period in the event it either intends to make acquisitions or that there are delays, cost overruns, sales declines or unanticipated expenses. While the Company is confident that sufficient funds will be available to meet its anticipated business expansion needs for the next year there can be no assurance that the Company will be able to obtain such additional financing during such 12 month period.

INFLATION AND SEASONALITY

The Company does not believe that its operations have been materially influenced by inflation. The business of individual Company Participating Restaurants may be seasonal depending on their location and the type of food and beverages served. However, the Company at this time has no basis on which to project seasonal effects, if any, to its business as a whole.

-9-

11

ITEM 8- FINANCIAL STATEMENTS

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE> <CAPTION>	Page ----
<S> Report of Independent Auditors.	<C> F1
Consolidated Balance Sheets as at September 30, 1996 and 1995.	F2-F3
Consolidated Statements of Operations for the years ended September 30, 1996, 1995 and 1994.	F4
Consolidated Statements of Changes in Stockholders' Equity for the years ended September 30, 1996 and 1995 and 1994.	F5
Consolidated Statements of Cash Flows for the years ended September 30, 1996, 1995 and 1994.	F6
Notes to the Consolidated Financial Statements.	F7-F16

</TABLE>

-10-

The Board of Directors and Stockholders
Transmedia Europe, Inc.

We have audited the accompanying consolidated balance sheets of Transmedia Europe, Inc. and subsidiaries as of September 30, 1996 and 1995 and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended September 30, 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Transmedia Europe, Inc. and subsidiaries as of September 30, 1996 and 1995, and the results of their operations and cash flows for each of the years in the three-year period ended September 30, 1996, in conformity with generally accepted accounting principles in the United States.

December 20, 1996

KPMG
London
England

-F1-

13
TRANSMEDIA EUROPE, INC.
Consolidated Balance Sheets

<TABLE>
<CAPTION>

	SEPTEMBER 30, 1996	SEPTEMBER 30, 1995
	-----	-----
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash (including temporary cash investments of \$730,767 at September 30, 1995)	\$ 61,661	\$ 796,911
Trade accounts receivable	105,167	131,555
Restaurant credits (net of allowance for irrecoverable credits of \$399,328 at September 30, 1996 and of \$357,557 at September 30, 1995)	1,309,279	1,622,571
Amounts due from related parties (note 3)	114,246	709,585
Prepaid expenses and other current assets	264,478	113,640
	-----	-----
TOTAL CURRENT ASSETS	1,854,831	3,374,262
NON-CURRENT ASSETS		
Investment in affiliated company (note 2)	698,141	938,413

Property and equipment, net of accumulated depreciation of \$104,262 at September 30, 1996 and \$64,366 at September 30, 1995 (note 5)	76,357	103,893
--	--------	---------

Intangible assets, net of accumulated amortisation of \$324,248 at September 30, 1996 and \$216,172 at September 30, 1995 (note 4)	1,297,026	1,405,112
--	-----------	-----------

TOTAL ASSETS	\$3,926,355	\$5,821,680
--------------	-------------	-------------

</TABLE>

See accompanying notes to the consolidated financial statements.

- F2-

14
TRANSMEDIA EUROPE, INC.
Consolidated Balance Sheets

<TABLE>
<CAPTION>

	SEPTEMBER 30, 1996	SEPTEMBER 30, 1995
	-----	-----
<S>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank overdraft	\$ --	\$ 109,422
Trade accounts payable	483,229	322,901
Deferred membership fee income	352,542	356,814
Accrued liabilities (note 7)	438,395	303,203
Amount due to related parties (note 3)	--	416,280
	-----	-----
Total current liabilities	1,274,166	1,508,620
NON-CURRENT LIABILITIES		
Deferred license fee income (note 2)	500,000	500,000
	-----	-----
Total liabilities	1,774,166	2,008,620
	-----	-----
STOCKHOLDERS' EQUITY		
6 1/2% Convertible Preferred Shares, \$0.01 par value, 5,000,000 shares authorised, 590,857 issued and outstanding shares at September 30, 1996 and 1995	5,909	5,909
Common stock, \$.00001 par value, 20,000,000 shares authorised, 12,319,537 issued and outstanding shares at September 30, 1996 and 11,426,680 at September 30, 1995	123	114
Additional paid in capital	9,647,072	8,412,081
Accumulated deficit	(6,908,928)	(4,213,404)
Treasury stock, 196,995 shares of common stock at cost	(517,112)	--
Unearned compensation - restricted stock (note 11)	(78,000)	(402,000)
Cumulative foreign currency translation adjustment	3,125	10,360
	-----	-----
Total stockholders' equity	2,152,189	3,813,060
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,926,355	\$ 5,821,680
	=====	=====

</TABLE>

See accompanying notes to the consolidated financial statements.

- F3 -

<TABLE>
 <CAPTION>

	Years ended September 30,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Revenues	\$ 3,125,975	\$ 3,399,831	\$ 2,042,126
Membership fee	570,425	518,166	85,847
Other income	--	50,000	50,799
Total revenue and fees	3,696,400	3,967,997	2,178,772
Cost of sales	2,085,905	2,266,586	1,360,994
Gross profit	1,610,495	1,701,411	817,778
Selling, general and administrative expenses	(3,670,307)	(3,816,386)	(2,855,906)
Loss from operations	(2,059,812)	(2,114,975)	(2,038,128)
Share of losses of associated company	(509,404)	(92,455)	--
Interest income	8,112	28,978	92,892
Loss before income tax	(2,561,104)	(2,178,452)	(1,945,236)
Income taxes (note 10)	--	--	--
Net loss before preferred share dividends	(2,561,104)	(2,178,452)	(1,945,236)
Preferred share dividends	(134,420)	(37,000)	--
Net loss after preferred share dividends	\$ (2,695,524)	\$ (2,215,452)	\$ (1,945,236)
Loss per common share	(0.24)	(0.19)	(0.19)
Weighted average number of common shares outstanding	11,448,212	11,423,680	10,427,383

</TABLE>

See accompanying notes to the consolidated financial statements.

- F4 -

Consolidated Statements of Changes in Stockholders' Equity

<TABLE>
 <CAPTION>

	NUMBER OF COMMON SHARES	COMMON STOCK	NUMBER OF PREFERRED SHARES	PREFERRED STOCK	ADDITIONAL PAID-IN CAPITAL
<S>	<C>	<C>	<C>	<C>	<C>
Balance, September 30, 1993	10,010,680	\$100	--	\$ --	\$ 3,366,307
Issuance of common stock	710,000	7	--	--	2,129,993
Issue costs	--	--	--	--	(98,903)
Net loss	--	--	--	--	--
Issuance of restricted stock	700,000	7	--	--	1,049,993
Effect of foreign currency translation	--	--	--	--	--
Compensation expense - restricted stock	--	--	--	--	--
Balance, September 30, 1994	11,420,680	114	--	--	6,447,390
Issuance of common stock					

due to exercise of options	6,000	--	--	--	6,000
Issuance of convertible preferred stock	--	--	590,857	5,909	2,062,091
Issue costs	--	--	--	--	(103,400)
Net loss after preferred share dividends	--	--	--	--	--
Effect of foreign currency translation	--	--	--	--	--
Compensation expense - restricted stock	--	--	--	--	--
Balance, September 30, 1995	11,426,680	\$114	590,857	\$5,909	\$ 8,412,081
Issuance of common stock	892,857	9	--	--	1,249,991
Issue costs	--	--	--	--	(15,000)
Net loss after preferred share dividends	--	--	--	--	--
Effect of foreign currency translation	--	--	--	--	--
Compensation expense - restricted stock	--	--	--	--	--
Treasury stock	--	--	--	--	--
Balance, September 30, 1996	12,319,537	\$123	590,857	\$5,909	\$ 9,647,072

</TABLE>

<TABLE>
<CAPTION>

	TREASURY STOCK	CUMULATIVE FOREIGN CURRENCY TRANSLATION ADJUSTMENT	UNEARNED COMPENSATION RESTRICTED STOCK	ACCUMULATED DEFICIT	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
Balance, September 30, 1993	\$ --	\$ --	\$ --	\$ (52,716)	\$ 3,313,691
Issuance of common stock	--	--	--	--	2,130,000
Issue costs	--	--	--	--	(98,903)
Net loss	--	--	--	(1,945,236)	(1,945,236)
Issuance of restricted stock	--	--	(1,050,000)	--	--
Effect of foreign currency translation	--	8,060	--	--	8,060
Compensation expense - restricted stock	--	--	324,000	--	324,000
Balance, September 30, 1994	--	8,060	(726,000)	(1,997,952)	3,731,612
Issuance of common stock due to exercise of options	--	--	--	--	6,000
Issuance of convertible preferred stock	--	--	--	--	2,068,000
Issue costs	--	--	--	--	(103,400)
Net loss after preferred share dividends	--	--	--	(2,215,452)	(2,215,452)
Effect of foreign currency translation	--	2,300	--	--	2,300
Compensation expense - restricted stock	--	--	324,000	--	324,000
Balance, September 30, 1995	--	\$ 10,360	\$ (402,000)	\$ (4,213,404)	\$ 3,813,060
Issuance of common stock	--	--	--	--	1,250,000
Issue costs	--	--	--	--	(15,000)
Net loss after preferred share dividends	--	--	--	(2,695,524)	(2,695,524)
Effect of foreign currency translation	--	(7,235)	--	--	(7,235)
Compensation expense - restricted stock	--	--	324,000	--	324,000
Treasury stock	(517,112)	--	--	--	(517,112)
Balance, September 30, 1996	\$ (517,112)	\$ 3,125	\$ (78,000)	\$ (6,908,928)	\$ 2,152,189

</TABLE>

See accompanying notes to the consolidated financial statements.

-F5-

17
TRANSMEDIA EUROPE, INC.
Consolidated Statements of Cash Flows

<TABLE>
<CAPTION>

	YEAR ENDED SEPTEMBER 30, 1996	YEAR ENDED SEPTEMBER 30, 1995	YEAR ENDED SEPTEMBER 30, 1994
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
- Net loss before preferred share dividends	\$ (2,561,104)	\$ (2,178,452)	\$ (1,945,236)
Adjustment to reconcile net loss to net cash used in operating activities:			
- Depreciation and amortisation	151,265	149,497	129,979
- Amortisation of unearned compensation	324,000	324,000	324,000
- Provision for irrecoverable restaurant credits	41,771	281,357	76,200
- Share of losses of associated company	509,404	92,455	--
Changes in assets and liabilities:			
- Trade accounts payable	173,244	125,409	197,492
- Accrued liabilities	84,590	(53,114)	317,717
- Restaurant credits	206,619	(323,052)	(1,659,726)
- Trade accounts receivable	21,125	(17,426)	(114,129)
- Prepaid expense and other current assets	(150,838)	(41,465)	(70,087)
- Deferred membership fees	10,001	69,295	287,519
- Deferred license fee income	--	500,000	--
Net cash used in operating activities	(1,189,923)	(1,071,496)	(2,456,271)
Cash flows from investing activities:			
- Due to related parties	(338,053)	(55,965)	(201,282)
- Purchase of property and equipment	(18,141)	(17,594)	(135,824)
- Loan to associated company	30,868	(30,868)	--
- Net investment in associated company	(300,000)	(1,000,000)	--
Net cash used in investing activities	(625,326)	(1,104,427)	(337,106)
Cash flows from financing activities:			
- Net proceeds received from issuance of:			
common stock	1,235,000	--	2,031,097
convertible preferred shares	--	1,964,600	--
- Payment of preferred dividend	(71,685)	--	--
- Bank overdraft	(109,422)	109,422	--
- Exercise of options	--	6,000	--
Net cash provided by financing activities	1,053,893	2,080,022	2,031,097
Effect of foreign currency on cash	26,106	377	10,788
Net decrease in cash and temporary cash investments	(735,250)	(95,524)	(751,492)
Cash and temporary cash investments at beginning of period	796,911	892,435	1,643,927
Cash and temporary cash investments at end of period	\$ 61,661	\$ 796,911	\$ 892,435

</TABLE>

Supplemental disclosures of cash flow information:

No amounts of cash were paid for income taxes for each of the periods presented.

Interest paid during the fiscal year ended September 30, 1996 was \$13,750 (1995 :\$12,022, 1994 :\$nil).

See accompanying notes to the consolidated financial statements.

-F6-

18
TRANSMEDIA EUROPE, INC.
Notes to the Consolidated Financial Statements

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of business

Transmedia Europe, Inc. ('the Company') was incorporated in Delaware on February 9, 1993.

The Company's main business activity through its wholly owned subsidiary company, Transmedia UK plc, is to make 'cash advances' to restaurants for food and beverage credits from certain participating restaurants, which are then recovered as the Company's cardholders utilise their restaurant charge cards (see note 1(d)). Presently, the Company's operations are in the United Kingdom and there is an affiliate company operating in France.

The Company has been granted a license, (the 'Transmedia License'), to operate a specialised restaurant charge card business in Europe, Turkey and the countries of the former U.S.S.R. by Transmedia Network Inc. ('Network'), a corporation which is incorporated in the United States of America. The agreement to purchase the Transmedia License was initially entered into by Conestoga Partners Inc. ('Conestoga'), a corporation which is related to the Company by virtue of the majority shareholding in Conestoga held by Edward J Guinan III, the President, Chief Executive Officer, Chief Financial Officer and Director of the Company (see note 3).

The Company intends to expand operations in other portions of the licensed territories through wholly-owned subsidiaries, unaffiliated sublicensees and franchisees or through joint ventures.

As of September 30, 1996, Transmedia Europe, Inc. had equity interests in the following companies:

<TABLE>
<CAPTION>

Name	Country of Incorporation	% Owned
<S>	<C>	<C>
Transmedia Europe plc	United Kingdom	100
Transmedia UK plc	United Kingdom	100
Transmedia UK, Inc.	United States of America	100
Transmedia La Carte Restaurant S.A	France	36

</TABLE>

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

(c) Investment in France

The Company has invested a total of \$1,800,000 in Transmedia La Carte Restaurant S.A. which operates the Restaurant Card in France. The investment is accounted for using the equity method, as under the current structure the Company will be unable to exercise unilateral control by virtue of the Company owning just 36% of the equity and having the right to appoint two of the four directors.

The shareholder agreement provides for "put" and "call" options. The Company has a call option to acquire the joint venture partner's shares in Transmedia La Carte Restaurant S.A. in the fourth year of operations at a price based upon a valuation equal to ten times operating cash flows. The joint venture partners have put options in years 2 and 4. The basis for valuation under the year 2 option is equal to 120 % of capital invested and under the year 4 option is equal to ten times operating cash flows.

(d) Restaurant Credits

Restaurant credits represent the total advances made to participating restaurants in exchange for credits less the amount by which these credits are recouped by the Company as a result of Company cardholders utilising their cards at participating restaurants. The amount by which such credits are recouped amounts to approximately 50% of the retail value of food and beverages consumed by cardholders. The Company reviews recoverability of credits and establishes an allowance for credits to restaurants that have ceased operations or whose credits may not be utilised by cardholders.

- F7 -

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Restaurant Credits (continued)

The funds advanced to participating restaurants are generally unsecured and are recoverable as cardholders utilise their restaurant charge card at the respective restaurant. In certain cases, the Company may request a personal guarantee from the owner of a restaurant with respect of the recoverability of the advance if the restaurant ceases operations or ceases to be a participating restaurant. Generally, no other forms of collateral or security are obtained from the restaurant owners.

(e) Intangible assets

Intangible assets consist entirely of the cost of the Transmedia License and represents the consideration paid to Network in both cash and the fair value of Company shares for the Transmedia License to operate in the licensed territories using the systems, procedures and "know how" of the Transmedia business.

The license cost is being amortised on a straight line basis over its estimated useful life of 15 years from the commencement of operations on October 1, 1993.

The Company evaluates the carrying value of its investment in license costs for impairment based on an estimate of future undiscounted cash flows that are expected to be generated and are directly attributable to the Transmedia License. If the sum of those estimated future undiscounted cash flows is less than the carrying value of the license costs, it is the policy of the Company to measure impairment on the basis of the fair value of the license costs, using a discounted cash flow technique. In the opinion of management, there was no permanent impairment in the carrying value of the license costs at September 30, 1996 or September 30, 1995.

(f) Property and equipment

Property and equipment are stated at cost. Depreciation on property and equipment is calculated using the straight line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	5 years
Office equipment	4-5 years

(g) Income taxes

The Company recognises deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Accordingly, deferred tax liabilities and assets are determined based on the difference between financial statement and tax basis of assets and liabilities using enacted rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in income in the period that includes the enactment date.

A valuation allowance is established to reduce the deferred tax assets when management determines it is more likely than not that the related tax benefits will not be realised.

(h) Revenues

Revenues represent the retail value of food and beverages acquired from participating restaurants by the Company's cardholders, less the 20% or 25% discount offered to cardholders. Membership fees collected on the 25% discount card are deferred and recognised as revenue in equal monthly instalments over the periods benefited.

(i) Unearned compensation

The Company has recorded unearned compensation for shares of restricted common stock issues in exchange for certain consultancy and financial advisory services. The restricted shares and the unearned compensation have been recorded at the fair value of the shares at the date at which they were issued. Compensation expense is recorded on a periodic basis as the restriction of such shares expires.

- F8 -

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Cardholder bonuses

The Company operates a number of cardholder "Bonus" programs whereby

the cardholder receives a bonus of food and beverage, credited to their account. The bonus is utilised as the cardholder uses The Restaurant Card and is processed as an additional saving to the standard 20 % or 25% saving offered by the Company. The bonus is accrued by the Company when the bonus is granted to the Company Cardholder.

(k) Loss per common share

Loss per common share is computed by dividing net loss by the weighted average number of common stock outstanding. Common stock equivalents have not been included because they are considered anti-dilutive.

(l) Foreign currencies

The reporting currency of the Company is the United States dollar.

For consolidation purposes, the assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Consolidated statements of income of such undertakings are consolidated at the average rates of exchange during the period. Exchange differences arising on these translations are taken directly to stockholders' equity.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the consolidated statement of operations. In the year to September 30, 1996 the Company recorded an exchange loss of \$55,775 (1995 a gain of \$3,653).

(m) Temporary cash investments

For purposes of the statements of cash flows, the Company considers all investments with an original maturity of three months or less to be a cash equivalent.

(n) Advertising costs

The Company expenses advertising costs as incurred. Advertising costs for the years ended September 30, 1996, 1995 and 1994 were \$56,610, \$nil and \$24,537 respectively. The Company has used direct response advertising in the past and may use such advertising in the future. However, the Company did not have costs related to direct response advertising campaigns during the years ended September 30, 1996, 1995 and 1994 that should be capitalised.

(o) Use of estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

-F9-

21

TRANSMEDIA EUROPE, INC.

Notes to the Consolidated Financial Statements

2. INVESTMENT IN AFFILIATED COMPANY

The Investment in Transmedia La Carte Restaurant S.A. ("Transmdia France") consists of the following:

<TABLE>

<CAPTION>

	1996 ----	1995 ----
<S>	<C>	<C>
Cost of investment	\$ 1,800,000	\$ 1,500,000
Less: Share of license fee	(466,667)	(500,000)
	-----	-----
	1,333,333	1,000,000
Share of losses	(635,192)	(92,455)
Amounts due from affiliate	--	30,868
	-----	-----
	\$ 698,141	\$ 938,413
	-----	-----

</TABLE>

Due to the provision of "put" and "call" options in the shareholders

agreement which establish a basis under which Transmedia France may become a wholly owned subsidiary, \$500,000 of the \$1,000,000 sub-license fee paid to the Company by Transmedia France in 1995 has not been recognised but instead has been deferred until such time as these options are exercised or expire. The remaining balance of \$500,000 has also been deferred against the investment in the Transmedia France and is being amortised over a 15 year period commencing October 1995.

The Transmedia License requires the payment of a royalty to Network in the event that the Company opens in another country being the greater of \$250,000 or 25% of the initial fee.

On April 19, 1996 Transmedia France completed a rights issue of shares. Whilst the Company declined to subscribe it did acquire 15,000 shares, in an unrelated transaction, from International Advance, Inc., a company of which Edward J Guinan III, President of the Company, is the principal shareholder and an officer and director, in exchange for \$300,000 and certain rights to jointly develop systems unrelated to the business of Transmedia France. Accordingly the Company's interest was reduced to 36%. In December 1996 the Company reached an agreement, effective January 1997, with Transmedia France under which it granted sub-licenses for Belgium/Luxembourg, Spain, Italy and French speaking Switzerland for 9,250,000Ffr (approximately \$1,780,000). This payment will be used by the Company to increase its interest in Transmedia France to 60%. Network has agreed to defer the 25% royalties due upon the completion of the agreement (\$800,000 in aggregate) with payment to be made as each country area is opened of \$250,000 except for \$50,000 for French speaking Switzerland. Under certain circumstances the payment schedule can be accelerated.

3. RELATED PARTY TRANSACTIONS

On February 9, 1993, Edward J Guinan III purchased 100 shares of common stock for \$100 and subsequently received a stock dividend of 1,000 shares on February 10, 1993. He was issued with 4,550,623 shares of common stock in a stock split effected in the form of a stock dividend paid to holders of record at the close of business on May 5, 1993. Edward J Guinan III, the President, Chief Executive Officer, and a Director of the Company is also the President, Secretary, Treasurer and a Director of Conestoga. Mr Guinan owns 73% of the outstanding common stock of Conestoga.

Conestoga sold the License to the Company on May 19, 1993, for an initial down payment of \$275,000 plus the assumption by the Company of all expenses incurred by Conestoga with respect to the License on or after January 1, 1993. Pursuant to an amendment dated August 10, 1993, Conestoga agreed to purchase 500,000 shares of common stock at a price of \$1.00 per share by forgiving \$500,000 of costs and advances of the Company for part consideration for the License of \$275,000 and costs of \$225,000 incurred in the course of raising capital.

In connection with the relocation of Mr Guinan from New York to London, the Company made certain arrangements including the loan of \$284,566 to Mr Guinan in February 1994 to pay the outstanding balance on his mortgage. The Company also reimbursed Mr Guinan's relocation expenses in the amount of approximately \$3,108.

-F10-

22
TRANSMEDIA EUROPE, INC.
Notes to the Consolidated Financial Statements

3. RELATED PARTY TRANSACTIONS (CONTINUED)

Pending resolution of Mr Guinan's residence status in London, the Company advanced payment on the rental costs of his residence and other sundry amounts in lieu of the payment of a portion of his salary. The amount so advanced during 1995 was \$224,991 of which \$133,120 relates to the rental of his residence, \$22,376 is for travel expenses and the balance of \$69,495 for other sundry amounts. Mr Guinan had repaid \$192,000 of these amounts through September 30, 1995. The amount advanced to Mr Guinan increased by \$230,991 during the year ended September 30, 1996. The cumulative total amount due to the Company has been satisfied by repayment to the Company of \$176,149 and the sale of 148,853 shares of Common Stock at \$2.625 per share to the Company.

During 1995 the Company advanced \$259,837 to International Advance, Inc., a company of which Edward J Guinan III, President of the Company, is the principal shareholder and an officer and director. The balance at September 30, 1996 was \$20,946.

The amount due to related parties of \$416,280 at September 30, 1995 represents temporary funding and advances provided by Transmedia Asia

Pacific, Inc. offset by management charges from the Company. Transmedia Asia Pacific, Inc. is an affiliate due to the significant shareholding held by Edward J. Guinan III, the President, Chief Executive Officer, Chief Financial Officer and Director of the Company. The main movements during the year ended September 30, 1996 are for working capital requirements but additions include \$1,250,000 for proceeds for the private placement of common stock on August 1, 1996 which has resulted in Transmedia Asia Pacific, Inc. owing the Company \$93,300 at the year end.

The net amounts due from related parties consist of the following:

	September 30, 1996	September 30, 1995
E Guinan III	\$ --	\$ 335,897
Conestoga Partners, Inc.	--	113,851
International Advance, Inc	20,946	259,837
Transmedia Asia Pacific, Inc.	93,300	(416,280)
	-----	-----
	\$ 114,246	\$ 293,305
	=====	=====

The loans are unsecured and non interest bearing. Information regarding the activity with respect to the amounts due from related parties is as follows:

	E. Guinan III -----	Conestoga Partners -----	International Advances -----	Transmedia Asia Pacific Inc. -----
Balance at September 30, 1994	\$ 302,906	\$ 44,597	\$ -	\$ (110,163)
Additions	224,991	69,254	259,837	(385,000)
Amounts charged	-	-	-	78,883
Amounts collected	(192,000)	-	-	-
	-----	-----	-----	-----
Balance at September 30, 1995	335,897	113,851	259,837	(416,280)
Additions	230,991	12,522	281,750	1,340,307
Amounts charged	-	-	183,914	362,793
Amounts collected	(176,149)	-	(704,555)	(1,193,520)
Treasury stock	(390,739)	(126,373)	-	-
	-----	-----	-----	-----
Balance at September 30, 1996	\$ -	\$ -	\$ 20,946	\$ 93,300
	=====	=====	=====	=====

-F11-

23
TRANSMEDIA EUROPE, INC.
Notes to the Consolidated Financial Statements

4. INTANGIBLE ASSETS

Intangible assets consist of the costs of the Transmedia License as follows:

	1996 ----	1995 ----
Acquisition cost	\$ 1,621,284	\$ 1,621,284
	-----	-----
Accumulated amortisation:		

Balance at beginning of year	216,172	108,086
Charge for the year	108,086	108,086
	-----	-----
Balance at end of year	(324,258)	(216,172)
	-----	-----
Net book value at September 30,	\$ 1,297,026	\$ 1,405,112
	=====	=====

</TABLE>

5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

<TABLE>

<CAPTION>

	FURNITURE AND FIXTURES	OFFICE EQUIPMENT	TOTAL
	-----	-----	-----
<S>	<C>	<C>	<C>
COST			
At September 30, 1994	\$ 10,548	\$ 137,853	\$ 148,401
Additions	7,221	10,373	17,594
Foreign exchange	167	2,097	2,264
	-----	-----	-----
At September 30, 1995	17,936	150,323	168,259
Additions	--	18,141	18,141
Foreign exchange	(1,887)	(3,894)	(5,781)
	-----	-----	-----
At September 30, 1996	16,049	164,570	180,619
	-----	-----	-----
ACCUMULATED DEPRECIATION			
At September 30, 1994	1,545	21,069	22,614
Charge for the year ended			
September 30, 1995	2,904	38,507	41,411
Foreign exchange	25	316	341
	-----	-----	-----
At September 30, 1995	4,474	59,892	64,366
Charge for the year ended			
September 30, 1996	3,209	39,970	43,179
Foreign exchange	(111)	(3,172)	(3,283)
	-----	-----	-----
At September 30, 1996	7,572	96,690	104,262
	-----	-----	-----
NET BOOK VALUE AT SEPTEMBER 30, 1996	\$ 8,477	\$ 67,880	\$ 76,357
	=====	=====	=====
NET BOOK VALUE AT SEPTEMBER 30, 1995	\$ 13,462	\$ 90,431	\$ 103,893
	=====	=====	=====

</TABLE>

-F12-

24

TRANSMEDIA EUROPE, INC.

Notes to the Consolidated Financial Statements

6. ALLOWANCE FOR IRRECOVERABLE RESTAURANT CREDITS

Changes in the Company's allowance for irrecoverable restaurant credits were as follows:

<TABLE>

<CAPTION>

	Year ended September 30,	Year ended	September 30,
<S>	<C>	<C>	1996 1995
Balance at the beginning of the period	\$ 357,557	\$ 76,200	
Additions - charged to costs and expenses	41,771	281,357	
	-----	-----	
Balance at end of period	\$ 399,328	\$ 357,557	

</TABLE>

=====

=====

7. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

<TABLE>

<CAPTION>

	September 30, 1996	September 30, 1995
<S>	<C>	<C>
Accrued payroll and holiday pay	\$ 69,061	\$ 94,907
Income taxes payable	-	1,600
Cardholder bonuses	8,762	-
Tips and tax	113,102	47,717
Food and beverage provision	71,098	-
Professional fees	54,600	100,713
Royalties payable	22,037	21,266
Preferred share dividends	99,735	37,000
	-----	-----
	\$ 438,395	\$ 303,203
	=====	=====

</TABLE>

8. STOCK OPTIONS AND WARRANTS

Under the Company's 1993 stock option and rights plan (the 'Plan'), the Company may grant stock options and stock appreciation rights to persons who are now or who during the term of the Plan become key employees (including those who are also directors) and to independent sales agents. Stock options granted under the Plan may either be incentive stock options or non-qualified stock options for US federal income tax purposes. The Plan provides that the stock option committee of the board of directors may grant stock options or stock appreciation rights with respect of a maximum of 250,000 shares of common stock at an exercise price not less than the fair market value at the date of grant for qualified and non-qualified stock options.

The Company has allocated options to purchase 206,000 shares of common stock under the Plan at a price of \$1.00 exercisable at any time through August 31, 1998. No stock appreciation rights have been granted.

The per share fair value of the stock options granted in 1996 was \$0.40 on the date of grant using the Black Scholes valuation method with the weighted average assumptions being an expected dividend yield of 0%, a risk free interest rate of 6% and an expected life being the remaining term of the option.

The Company has also issued warrants to purchase 597,619 shares of common stock at an exercise price ranging from \$1.40 to \$2.50 per share. The warrants have a three to five year term expiring through July 2000.

-F13-

25
TRANSMEDIA EUROPE, INC.
Notes to the Consolidated Financial Statements

8. STOCK OPTIONS AND WARRANTS (CONTINUED)

Stock option and warrant activity during the periods indicated is as follows:

<TABLE>

<CAPTION>

	Options Number of Shares	Exercise Price	Warrants Number of Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>
Balance at September 30, 1994	6,000	\$1.00	-	-
Granted	-	-	200,000	\$1.50
Exercised	(6,000)	\$1.00	-	-
	-----	-----	-----	-----
Balance at September 30, 1995	-	-	200,000	\$1.50
Granted	40,000	\$1.78	397,619	\$1.68

Exercised	-	-	-	-
Balance at September 30, 1995	40,000	\$1.78	597,619	\$1.62

</TABLE>

The Company applies APB Opinion No.25 in accounting for its stock options and, accordingly, no compensation cost has been recognised for its stock options in the financial statements. Had the Company determined compensation cost based upon the fair value at the grant date for its stock options under SFAS No.123, the Company's net losses for the year ended September 30, 1996, would have been increased to the pro forma amounts indicated below:

<TABLE>		<C>	
<S>		<C>	
Net loss	As reported	\$	(2,695,524)
	Pro forma	\$	(2,711,364)
Loss per share			
	As reported	\$	(0.24)
	Pro forma	\$	(0.24)

</TABLE>

Pro forma net loss reflects only options granted in 1996. Therefore, the full impact of calculating compensation cost for stock options under SFAS No.123 is reflected in the pro forma net loss amounts presented above.

9. LEASES

The Company leases certain office space under lease agreements.

Future minimum lease payments under non-cancellable operating leases as of September 30, 1996, are as follows:

<TABLE>		Year ending September 30	
<CAPTION>		<C>	
<S>		<C>	
		1997	\$ 150,846
		1998	150,846
Total minimum lease payments			\$ 301,692

</TABLE>

The amount charged to the consolidated statement of operations for rent expense in the year ended September 30, 1996 was \$149,449 (1995: \$111,526).

-F14-

26
TRANSMEDIA EUROPE, INC.
Notes to the Consolidated Financial Statements

10. INCOME TAXES

Income taxes reflected in the accompanying statements of operations differ from the amounts computed by applying the US federal tax rate of 34% to loss before taxes as a result of the following:

<TABLE>		YEAR ENDED		YEAR ENDED		YEAR ENDED	
<CAPTION>		SEPTEMBER 30,		SEPTEMBER 30,		SEPTEMBER 30,	
		1996		1995		1994	
<S>		<C>		<C>		<C>	
Computed 'expected' tax benefit		\$	(871,000)	\$	(740,000)	\$	(661,000)
Non deductible expenses			57,000		60,000		6,000
Change in valuation allowance for deferred tax assets			807,000		747,000		662,000
Other (net)			7,000		(67,000)		(7,000)
Income tax expense		\$	--	\$	--	\$	--

The tax effects of temporary differences that give rise to deferred tax assets are as follows:

<CAPTION>

	YEAR ENDED SEPTEMBER 30, 1996 ----- <C>	YEAR ENDED SEPTEMBER 30, 1995 ----- <C>	YEAR ENDED SEPTEMBER 30, 1994 ----- <C>
Deferred tax assets:			
Net operating loss carry forwards	\$ 1,463,000	\$ 890,000	\$ 593,000
Deferred license fee	170,000	170,000	--
Investment in affiliated company	375,000	201,000	--
Royalties	188,000	119,000	46,000
Pre operating costs capitalised for tax purposes	7,000	11,000	17,000
Other	13,000	18,000	6,000
	-----	-----	-----
Total	2,216,000	1,409,000	662,000
Less valuation allowance	(2,216,000)	(1,409,000)	(662,000)
	-----	-----	-----
Net deferred tax assets	\$ -- =====	\$ -- =====	\$ -- =====

</TABLE>

The US Federal net operating loss carry forward at September 30, 1996 of approximately \$2.3 million will begin to expire in the year 2009. The foreign net operating loss carry forward of approximately \$2.0 million may be carried forward indefinitely.

11. COMMITMENTS

The Company has an employment agreement with its Chairman which provides for salary at an annual rate of 100,000 pounds (UK) or \$156,000 using the average exchange rate for the year of \$1.56 to (pound)1. The agreement was initially for a three year term up to August 30, 1996 and is subject to automatic one-year renewals.

Each quarter the Company must pay to Network in cash for any part of the licensed territories developed by the Company or any affiliate of the Company a royalty equal to 2% of gross sales. 'Gross sales' are defined as the gross reduction during the quarter in Food and Beverage Credits. The Company will also pay Network 2% of the gross sales resulting from any other services that Network in the future may provide to cardholders or participating restaurants. Royalties charged to income pursuant to this agreement for the years ended September 30, 1996, 1995 and 1994 amounted to \$83,498, \$108,834 and \$54,456 respectively.

-F15-

27

TRANSMEDIA EUROPE, INC.

Notes to the Consolidated Financial Statements

11. COMMITMENTS (CONTINUED)

In order to maintain full rights under the Transmedia License (1) no person or group of persons, without the prior permission of Network, may acquire beneficial ownership of 30% or more of the Company; (2) Edward J Guinan III is required to maintain beneficial ownership of no less than the lower of 20% of common stock, or 15% of the common stock (as long as three other largest stockholders beneficially own no more than 15% in the aggregate); (3) the Company must commence operations (a) in the United Kingdom within 4 months after the August 11, 1993 closing date under the Transmedia License (the 'Closing Date'), (b) in another country other than the United Kingdom within 3 years after the Closing Date, and (c) in a second other country within the earlier of 2 years after the first country or 5 years from the Closing Date; (4) the Company must procure in the United Kingdom (a) 100 participating restaurants within the first 12 months or 250 participating restaurants within the first 24 months of the full rights under the Transmedia

License; (b) 2,000 cardholders within the first 12 months or 5,000 cardholders within the first 24 months of the Transmedia License (including those receiving cards without the payment of the initial fee) and (c) participating restaurant renewals at the rate of 70% per year. As at September 30, 1996 the Company has complied in all material respects with all the covenants contained in the License Agreement.

The Company also has other obligations under the Transmedia License respecting business practices, use of Network software programs, marketing, training, confidentiality and standard of performance, among others, the material breach of any of which may result in the termination of the full rights under the Transmedia License.

Effective as of October 15, 1993 the Company entered into an agreement with Bostoner International, pursuant to which Bostoner International agreed to provide certain counselling and financial advisory services to the Company through December 31, 1996. Pursuant to such agreement, the Company has issued 700,000 shares of common stock to Bostoner International. A portion of such shares are subject to forfeiture if such agreement is terminated prior to December 31, 1996 at the rate of 18,000 shares for each complete month remaining at the date of termination until December 31, 1996. As of September 30, 1996 approximately 648,000 of such shares are no longer subject to forfeiture. The restricted shares and an equal amount of the unearned compensation have been included in the balance sheet at the fair value of the shares at the date at which they were issued, considered to be \$1.50 per share, and compensation expense for services rendered is recorded on a periodic basis as the restriction of such shares expire.

12. BUSINESS AND CREDIT CONCENTRATIONS

Most of the Company's customers are located in the United Kingdom. No single customer accounted for more than 10% of the Company's service revenues in the period under review. No single restaurant's credit was greater than 10% of the Company's total restaurant credit balance at September 30, 1996.

13. CONTINGENCY

The Company is the defendant in a law suit relating to the granting of a sub-license to operate in Belgium. Management believe that the ultimate outcome of the case will not have a material impact on the financial statements.

14. NEED FOR FUTURE FUNDING

Although the Company anticipates that its current cash, together with revenues expected to be derived from operations, should, based upon its internal calculations, be sufficient to fund operating, and other capital needs for the next year, the Company will be required to seek additional financing during such period in the event it either intends to make acquisitions or that there are delays, cost overruns, sales declines or unanticipated expenses. While the Company is confident that sufficient funds will be available to meet its anticipated business expansion needs for the next year there can be no assurance that the Company will be able to obtain such additional financing during such 12 month period.

-F16-

28

ITEM 9 - CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS
ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

- 11 -

29

PART III

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information called for by Item 10 will be set forth under the heading "Election of Directors" in the Company's definitive Proxy Statement for its 1997 annual meeting of shareholders (the "Proxy Statement"), to be filed on or before January 28, 1997, and is incorporated herein by this reference.

ITEM 11 - EXECUTIVE COMPENSATION

Information called for by Item 11 will be set forth under the heading "Executive Compensation" in the Proxy Statement, and is incorporated herein by this reference.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information called for by Item 12 will be set forth under the heading "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement, and is incorporated herein by this reference.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information called for by Item 13 will be set forth under the heading "Certain Relationships and Related Transactions" in the Proxy Statement, to be filed on or before January 28, 1997, which is incorporated herein by this reference.

- 12 -

30

PART IV

ITEM 14 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

The following documents are being filed as part of this Report.

(a) (1) Financial Statements:

Transmedia Europe, Inc.
See "Index to Consolidated Financial Statements" contained in Part II, Item 8

(a) (2) Financial Statement Schedules:

All schedules are omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or the Notes thereto.

(a) (3) Exhibits:

- 10.1 (o) Sublicense Agreement dated June 30, 1995, by and between the Company, International Advance, Inc. and Network
- 10.1 (p) Master License Agreement amendment, dated December 6, 1996, by and between Network, the Company and Transmedia Europe, Inc.
- 10.1 (q) First Amendment to Sublicense Agreement, to be dated, by and between Network, the Company, International Advance, Inc. and Transmedia France.

(b) Reports on Form 8-K

None

(c) Exhibits:

See paragraph (a) (3) above for items filed as exhibits to this Form 10-K as required by item 601 of Regulation S-K.

(d) Financial Statement Schedules:

See paragraphs (a) (1) above for financial statement schedules.

- 13 -

31

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized

TRANSMEDIA EUROPE, INC.

(Registrant)

Date: December 20, 1996 /s/ Edward J. Guinan III

Name: Edward J. Guinan III
Title: Chairman, Chief Executive Officer and Director

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: December 20, 1996 /s/ Edward J. Guinan III

Name: Edward J. Guinan III
Title: Chairman, Chief Executive Officer and
Director

Date: December 20, 1996 /s/ Paul L. Harrison

Name: Paul L. Harrison
Title: Director

Date: December 20, 1996 /s/ Walter M. Epstein

Name: Walter M. Epstein
Title: Secretary, Director

Date: December 20, 1996 /s/ Joseph Vittoria

Name: Joseph Vittoria
Title: Director

Date: December 20, 1996 /s/ Helene Ploix

Name: Helene Ploix
Title: Director

32

Exhibit Index

Exhibit	DESCRIPTION
-----	-----
10.1 (o)	Sublicense Agreement dated June 30, 1995, by and between the Company, International Advance, Inc. and Network
10.1 (p)	Master License Agreement amendment, dated December 6, 1996, by and between Network, the Company and Transmedia Europe, Inc.
10.1 (q)	First Amendment to Sublicense Agreement, to be dated, by and between Network, the Company, International Advance, Inc. and Transmedia France.

SUBLICENSE AGREEMENT

THIS SUBLICENSE AGREEMENT (the "Agreement") is made as of the 30th day of June, 1995, by and between Transmedia Europe, Inc., a Delaware corporation ("Europe") and International Advance Inc., a Delaware corporation ("Advance").

W I T N E S S E T H:

WHEREAS, TMNI owns the Marks in the business developed and operated in the United States by Transmedia Network, Inc. ("Network"). Except as otherwise provided the term Network shall include both Network and TMNI;

WHEREAS, pursuant to a license agreement made December 14, 1992, as amended on April 12, 1993 and May 11, 1993 TMNI International, Inc., a Delaware corporation ("TMNI") licensed to Europe, among other things certain exclusive rights to use trademarks owned by TMNI;

WHEREAS, it is the intention of Advance to transfer the rights and obligations under this Agreement to an entity formed in France to be known as Transmedia La Carte Restaurant, S.A. ("La Carte"); and

WHEREAS, Advance desires to obtain from Europe, and Europe wishes to grant to Advance, a sublicense to use the Marks under the terms and conditions hereinafter specified.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings as hereinafter set forth.

1.1 "Business" shall mean the business which (a) acquires from Member Restaurants "rights-to-receive" meal credits which are held as inventory for use by consumers who have been issued a TRANSMEDIA Card; and (b) provides such other services to TRANSMEDIA Cardholders or Member Restaurants as may be authorized by Europe under the terms of this Agreement.

1.2 The "European Software" shall mean the proprietary computer software programs developed and owned by Europe which will be used by Advance in the operation of the Business. These shall also be included any and all modifications, improvements, corrections, updates and enhancements, whether furnished by Europe or developed by Advance.

1.3 "Indicia" shall mean all specialized procedures and techniques developed by Europe directly or through the assistance of Network contained in

the Operations Manual or otherwise disclosed to Advance with respect to: soliciting, marketing and acquiring Member Restaurants and TRANSMEDIA Cardholders; processing, monitoring and tracking all Member Restaurant accounts and credit transactions; providing support services for TRANSMEDIA Cardholders; and handling record keeping, reporting, personnel management, sales promotion, marketing and advertising.

1.4 "Marks" shall mean the name and style "TRANSMEDIA" as well as any other trademarks or tradenames whose use may be granted by Europe to Advance in the future in connection with the Business.

1.5 "Master License" shall mean the license granted by TMNI to Europe pursuant to an agreement dated December 14, 1992 as thereafter amended.

1.6 "Member Restaurants" shall mean restaurants which from which Advance acquires rights-to-receive meal credits.

1.7 "Operations Manual" shall mean the confidential operations manual used by Europe, in the operation of its Business.

1.8 "Sublicense" shall mean the rights granted under Section 2.1 and 2.2 of this Agreement.

1.9 "Term" shall mean the period from the date of this Agreement through any termination date set forth this Agreement.

1.10 "Territory" shall mean the Republic of France and Monaco.

1.11 "TRANSMEDIA Card" shall mean the card provided to cardholders by any entity authorized to issue TRANSMEDIA Cards. Such entities to be collectively referred to as "TRANSMEDIA Card Issuers."

2. GRANT

2.1 All rights granted hereunder by Europe to Advance, are strictly subject to the limitations on the rights and obligations of Europe set forth in the Master License. To the extent that the grant made hereunder is at any time in conflict with the Master License, the terms of the Master License shall govern, and the grant hereunder shall be deemed to be amended, ab initio, to be consistent therewith, except as may otherwise be specifically provided in this Agreement. No changes in the consideration payable under this Agreement shall result from any

deemed amendment nor shall Advance be able to bring any action for damages or specific performance against Europe based upon such deemed amendment.

2.2 Europe hereby grants to Advance, subject to the terms, conditions and limitations hereof, an exclusive Sublicense to use the Marks and the Europe Software in connection with the operation of the Business in the Territory. It is understood and agreed that Advance may transfer the Sublicense to La Carte or an other entity in which Advance wishes to operate the Business, prior to the commencement of the Business provided that such entity has sufficient capital to commence the Business including the payment of the initial Sublicense fee of \$US1,000,000 (one million U.S. Dollars) provided for in Section 2.13 of this Agreement.

2.3 Advance acknowledges that it has no ownership interest in the Europe Software or the Marks, and accepts the rights granted to it under the Sublicense as specifically described and limited by the terms of this Agreement.

2.4 Advance represents, warrants and agrees that neither during the Term of this Agreement nor thereafter, will Advance take any action whatsoever in derogation of the rights of Europe or Network as set forth in this Agreement and the Master License.

2.5 Advance agrees that any and all goodwill associated with or identified by the Marks shall inure directly and exclusively to the benefit of Europe and Network. Advance agrees that any future trademarks, service marks, trade names, trade secrets or copyrighted materials which may be developed shall inure and accrue to the sole benefit of Europe and Network.

2.6 No advertising by Advance or other use of the Marks by Advance shall contain any statement or material which may, in the judgment of Europe, be in bad taste or inconsistent with Europe's public image, or tend to bring disparagement, ridicule or scorn upon Europe, the Marks or the goodwill associated therewith. Advance shall advertise and promote the Business only under the Marks, without any accompanying words or symbols except as otherwise required by law and approved in writing by Europe.

2.7 Advance shall use the Marks only in the manner expressly specified and approved in writing by the Europe.

2.8 In order to ensure the quality of the Business being conducted in connection with which the Marks Europe shall have the right of entry and inspection of Advance's principal place of business at all reasonable times and the right to observe the manner in which Advance is conducting its operations.

-3-

4

Such right shall include the ability to confer with Advance's employees and customers, and to inspect, without limitation, forms, agreements, applications and relating items and activities utilized for soliciting accounts for Member Restaurants and TRANSMEDIA Cardholders to ensure that the sales, promotion and enlisting activities are satisfactory and meet the quality control provisions and performance standards established by Europe.

2.9 On the request of Europe, Advance shall assist Network, at Network's cost, in the procurement and maintenance of Network's rights in the Marks. Advance agrees to execute and deliver to Network, in such form as Network may reasonably request, all instruments necessary to effectuate protection of the Marks or to record Advance as a registered user of the Marks or to file or record this Agreement. If Advance fails to execute such instruments, Advance hereby appoints Network its attorney-in-fact to do so on its behalf. The power granted to Network in the preceding sentence is acknowledged by Advance to be coupled with an interest and shall be irrevocable. Advance understands and agrees that Network makes no warranty or representation that protection shall be secured in the Marks.

2.10 Advance shall at all times use its best efforts, consistent with reasonable commercial practice, to promote the use of the Marks and the Business in the Territory, including, but not limited to, effecting the widest and best possible distribution of the TRANSMEDIA Card in the Territory; procuring Membership Restaurants and providing related services and activities throughout the Territory. Upon the failure of Advance to use its best efforts, consistent with reasonable commercial practice, to promote the use of the Marks and the Business in the Territory, Europe shall have the right to terminate this Agreement.

2.11 Advance acknowledges that it is a sophisticated entity represented by counsel, and that it is entering into this Agreement with ample knowledge of the legal and business risks relating to the Agreement. Advance further acknowledges that it believes that this Agreement is not a franchise agreement and that no official registration or approval of this Agreement or any offer to enter into this Agreement is required. To the extent that this Agreement can be interpreted as a franchise agreement Advance waives all rights, including, without limitation, rights of rescission of the Agreement or rights to recover civil penalties or damages from Europe.

2.12 (a) Holders of a TRANSMEDIA Card issued by TRANSMEDIA Card Issuers shall have the ability to use the TRANSMEDIA Card in Member Restaurants wherever located. TRANSMEDIA Card Issuers shall each be responsible for TRANSMEDIA Cards which are issued by them.

-4-

5

(b) Operating procedures with respect to the processing, billing and collection of charges by TRANSMEDIA Issuers shall be included in the Operations Manual and shall be updated periodically to reflect then current procedures. Procedures shall be designed to maximize the prompt crediting of Member Restaurant Credits used to the operating entity in which the Member Restaurant is located, such credit to be in the currency of such region. Similarly, charge backs shall be promptly recorded for charges that are rejected for whatever reason. Advance shall provide periodically to Europe a listing of its TRANSMEDIA Cardholders in a format and at a frequency to be determined by

Europe.

2.13 Upon the execution of this Agreement and as consideration for the rights granted by Europe to Advance hereunder, Advance will pay to Europe by bank wire transfer, the sum of One Million (\$1,000,000) U.S. Dollars of which Two Hundred Fifty Thousand U.S. Dollars shall be promptly remitted to Network. Such payment shall be in immediately available funds.

3. DEVELOPMENT OBLIGATIONS

Advance shall commence operating in the Territory as promptly as possible following the execution of this Agreement. If after six months Advance has not commenced operations, Europe may, in its sole and absolute discretion, terminate this Agreement.

4. TERM

The Term of this Agreement shall commence on the date first above written and shall continue on a perpetual basis unless otherwise terminated pursuant to this Agreement or by mutual agreement of Europe and Advance.

5. TRAINING AND MAINTENANCE

5.1 Advance will purchase, at its own expense, adequate computer hardware to be used by Advance for the operation of the Business.

5.2 Europe will deliver to Advance one copy of the Europe Software along with all associated user guides and reference documentation for the Europe Software then in the possession or under the control of Europe.

5.3 Europe shall make available, at Advance's expense, training which Europe deems reasonably sufficient with respect to all facets of the Business including, but not limited to, sales, administration and operations. Such training shall be scheduled consistent with the reasonable requirements of Advance and the availability of Europe's personnel.

-5-

6

6. OWNERSHIP, TITLE AND PROPRIETARY RIGHTS

Advance acknowledges that Europe is the sole owner of the Europe Software. This sole right of ownership includes any and all modifications, corrections, updates, changes, improvements and enhancements to the Europe Software.

7. CONFIDENTIAL INFORMATION

7.1 Neither Advance nor any of its principals shall at any time, either during or after the Term of this Agreement, reveal any trade secrets of

Network and/or Europe including without limitation TRANSMEDIA Cardholder base, technical information, drawings, materials equipment, computer systems, agreement forms, design, advertising format, support and service techniques and other techniques and data except as required for the operation of the Business in the Territory in compliance with this Agreement.

7.2 Due to the special and unique nature of the confidential information, Advance hereby agrees and acknowledges that Europe and Network shall be entitled to immediate equitable remedies, including, but not limited to, restraining orders and injunctive relief in order to safeguard such proprietary, confidential, unique, and special information of Network or Europe and that money damages alone would be an insufficient remedy with which to compensate Network or Europe for any breach of the terms of Article 7 of this Agreement. Furthermore, Advance agrees that all employees and independent contractors of Advance having access to confidential information shall be required to execute non-disclosure agreements in a form acceptable to Europe. Advance shall take all necessary action to ensure that its employees and independent contractors comply with the terms and conditions of Article 7.

8. ADVERTISING

8.1 Advance shall pay for its own advertising, including, without limitation, the cost of preparing and conducting direct mail, television, radio, magazine and newspaper advertising campaigns and other public relations activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing and public relations materials.

8.2 Advance shall not advertise or use in advertising or any other form of promotion, the trademarks, service marks or commercial symbols of Network or Europe without appropriate trademark or copyright marks and registration marks or the designations TM or SM where applicable. Advance shall not in any manner whatsoever, including, but not limited to, advertising or any form of promotion or public relations, make any reference to

-6-

7

the Marks or any other forms of trademarks, service marks, or commercial symbols of Network or Europe without appropriate designation protective of the rights of copyright, trademark, trade name and service mark.

9. ROYALTIES AND OTHER FEES

9.1 For the Sublicense, in addition to the fee payable to Europe set forth in Section 2.13, Advance shall pay to Europe, in U.S. dollars, a royalty equal to five (5%) per cent of Advance's gross sales. For the purposes of this Agreement, gross sales means all membership fees and the gross reduction in rights-to-receive less any amounts for service charges or VAT.

9.2 Advance shall be solely responsible for the collection of all

monies due or rights-to-receive within the Territory from Member Restaurants and shall be solely responsible for the payment to Member Restaurants located in the Territory of monies due for the purchase of such rights-to-receive meal credits from such Member Restaurants.

9.3 Europe will charge a fee of up to \$50,000 per annum, against documented upgrade or maintenance charges. Any upgrades performed directly by Advance shall be provided without charge to Europe. No outside party may be retained by Advance to perform upgrades or maintenance without Europe's prior written approval.

9.4 In the event that Advance is authorized by Europe to engage in other business activities, whether such activities are a derivative of the restaurant discount charge business (e.g. an independent entity selling the theater tickets at a discount to TRANSMEDIA Cardholders) or involve other services offered directly or indirectly to TRANSMEDIA Cardholders or Member Restaurants such as a program enabling Member Restaurants to buy equipment and services at a discount, Europe shall be entitled to a royalty on all such activities. The parties shall agree upon the royalties payable and the basis for the computation of royalties payable as a condition to approval by Europe. The terms by which such activities are authorized shall be deemed to be part of this Agreement, as if initially included, and general terms such as those covering payments, defaults and periodic reports shall be deemed to apply.

10. ACCOUNTING, RECORDS AND PAYMENTS

10.1 Within thirty (30) days after the end of each fiscal quarter beginning with the fiscal quarter in which sales revenues commence, Advance shall furnish to Europe full and accurate and complete financial statements, including a balance sheet and profit and loss statements, showing gross sales for such fiscal quarter, a computation of the royalty due on those

-7-

8

gross sales, and full payment in U.S. dollars to Europe of such royalties due. Within sixty (60) days after the end of each fiscal year, Advance shall furnish to Europe full and accurate and complete certified financial statements, including a balance sheet and profit and loss statements, showing gross sales for such fiscal year, a computation of the royalty due on those gross sales, and full payment in U.S. dollars to Europe of such royalties due. Receipt or acceptance by Europe of any of the statements furnished or any sums paid pursuant to this Agreement will not preclude Europe from questioning their correctness at any time. Royalties on sales in a currency other than U.S. dollars shall be computed and converted on the basis of the conversion rate for purchase of U.S. dollars for such currency appearing in The New York Times on the last day of the fiscal quarter or year being reported.

10.2 If all or part of any payment from Advance to Europe is not made when due, Advance will pay interest on such unpaid amount at the rate of

15% per annum.

10.3 Advance will maintain appropriate and accurate books of account reasonably required for the computation of the gross sales of all transactions within the scope of this Agreement. Europe will have the right, through any authorized representative of its choice, on reasonable advance notice to Advance, to examine and photocopy all or part of the books of account and all other records, documents and material in the possession or under the control of Advance with respect to the subject matter of this Agreement. If following any such examination, it is determined that additional royalty payments are due to Europe, Advance will promptly pay such additional amount as well as interest accrued thereon at a rate of fifteen (15%) per annum from the date when such payment was originally due to the date when payment is made. If the additional royalty payment due to Europe is equal to two (2%) per cent or more of the total royalties paid in respect of the period concerned, Advance will also promptly pay to Europe the costs incurred in connection with the examination. All books of account and records will be kept available by Advance for at least two (2) years after the calendar year to which they relate.

10.4 Advance covenants that it shall file and pay when due all taxes applicable to the Business, and Advance hereby indemnifies Europe against any and all claims, actions, costs, expenses, damages and liabilities which may result from the failure by Advance to fulfill such covenant.

11. ADVANCE'S STANDARDS OF PERFORMANCE

11.1 Except as otherwise authorized in writing by Europe, Advance shall not (i) enlist or attempt to enlist any entity other than a restaurant as a provider of rights-to-receive

-8-

9

credits; (ii) enlist or attempt to enlist any TRANSMEDIA Cardholder to use the TRANSMEDIA Card other than as a discount food and beverage card; (iii) take any direct or indirect action which would result in use of the TRANSMEDIA Card for any purpose other than the receipt by the holder thereof of discounted food and beverages; or (iv) take any direct or indirect action to redeem or attempt to use or redeem rights-to-receive credits other than through use of the TRANSMEDIA Card.

11.2 Advance shall secure and maintain in force all required governmental licenses, permits and certificates relating to the operation of the Business and shall operate the Business in full compliance with all applicable laws, ordinances and regulations.

11.3 Advance shall notify Europe in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which may affect the operation or financial

condition of Advance.

12. COVENANTS

12.1 Advance covenants that during the Term, except as otherwise approved in writing by Europe, Advance shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

(a) divert or attempt to divert any business or customer of the Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks;

(b) employ or seek to employ any person who is at that time employed by TRANSMEDIA Issuer; or

(c) own, maintain, engage in, or have any interest in any business (including any business operated by Advance prior to entry into this Agreement) specializing, in whole or in part, in providing discount services, whether through use of barter, trade credits, scrip or similar items, or in printing, selling, distributing or soliciting of a charge card for discount services or activities or promoting a charge card providing services the same as or similar to some of those services provided, sold or offered through the Business.

12.2 Advance specifically acknowledges that, pursuant to this Agreement, Advance will receive valuable training and confidential information, including, without limitation,

-9-

10

information regarding the promotional, operational, sales, and marketing methods and techniques of Network, Europe and the Business. Accordingly, Advance covenants that, except as provided in this Agreement or as otherwise approved in writing by Europe, Advance shall not, during the term and, for a period of two (2) years thereafter after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, engage in, or have any interest in any business engaging, in whole or in part, in providing discount services, whether through use of barter, trade credits, scrip or similar items, or printing, selling, distributing or soliciting of a charge card for discount services or activities or promoting a charge card or providing services the same as or similar to that sold, offered or provided or which Europe has the right to offer or provide in the future under the Master License by Europe.

12.3 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement.

If all or any portion of a covenant in this Article 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision, Advance expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 12.

12.4 Advance understands and acknowledges that Europe shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 12.1 and 12.2 in this Agreement, or any portion thereof, without Advance's consent, effective immediately upon receipt by Advance of written notice thereof, and Advance agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

13. DEFAULT AND TERMINATION

13.1 If Advance breaches any of its obligations under this Agreement, Europe will have the right, without prejudice to any other rights Europe may have, to terminate this Agreement by giving written notice to Advance of such breach, and this notice will automatically become effective unless Advance completely remedies the breach within ten (10) days after such notice of breach is given to Advance.

13.2 This Agreement shall terminate automatically upon delivery of notice of termination to Advance, if Europe makes a reasonable determination that continued operation of the Business

-10-

11

by Advance will result in an imminent danger to public safety, or if Advance or its chief executive officer:

(a) is convicted of or pleads no contest to a felony, or a crime involving moral turpitude, or any other crime or offense that is likely to adversely affect the Business or the Marks;

(b) abandons or fails or refuses to actively operate the Business for three (3) weeks in any twelve (12) month period, unless Advance's operations have been closed for a purpose approved by Europe;

(c) makes any unauthorized use or duplication or sale of the Member Restaurant list or TRANSMEDIA Cardholder base list or breaches any obligation under Article 12;

(d) files a petition or seeks relief under or takes advantage of any insolvency law; makes an assignment for the benefit of its creditors; commences a proceeding for the appointment of a receiver, trustee, liquidator, custodian or conservator of itself or of the whole or substantially all of its property; files a petition or an answer to a petition under any bankruptcy or

similar law of any state, province, county or country;

(e) has a court of competent jurisdiction enter an order, judgment or decree appointing or authorizing a receiver, trustee, liquidator, custodian or conservator of it or of the whole or substantially all of its property, or enter an order for relief against it in any case commenced under any bankruptcy law, or grant relief under any other similar law of any state, province, county or country; or, under the provisions of any law for the relief or aid of debtors, has a court of competent jurisdiction or a receiver, trustee, liquidator, custodian or conservator assume custody or control or take possession of it or of the whole or substantially all of its property; or has commenced against it any proceeding for any of the foregoing relief or has a petition filed against it under any chapter of any bankruptcy or similar law or any state, province, county or country thereof and such proceeding or petition remains undismissed for a period of 60 days; or by any act indicates its consent to, approval of or acquiescence in any such proceeding or petition;

13.3 To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like other than in accordance with applicable law, such provisions shall, to the extent not in accordance with applicable law, not be effective, and the parties hereto shall

-11-

12

comply with applicable law in connection with each of these matters.

14. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION

Upon the expiration or termination of this Agreement for any reason whatsoever:

14.1 All rights granted under the Sublicense will automatically revert to Europe, and Advance immediately will cease and, thereafter, refrain from all use of the Marks and the Europe Software and any mark or name similar to the Marks or that includes the Marks. Advance's obligation to refrain from all use of the Marks, as stated in the preceding sentence, shall include refraining from using any Marks as part of a company name or trade name. In addition, all royalties and fees that have accrued prior to expiration or termination shall be immediately payable, including damages, costs and expenses, including attorneys' fees, incurred by Europe on a default by Advance notwithstanding anything to the contrary contained in this Agreement.

14.2 Advance shall immediately cease to operate as a sublicensee of Europe under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former sublicensee of Europe.

14.3 Advance shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any confidential methods, procedures, and techniques associated with the Business; the service mark and trade name "TRANSMEDIA" and any Indicia, Marks and distinctive forms, slogans, signs, symbols, logos, or devices associated with the Business.

14.4 Advance shall be deemed to have assigned to Europe or Europe's designee any assumed name or equivalent registration which contains the name "TRANSMEDIA", any other Mark or any other service mark or trademark of Network or Europe, and Advance shall furnish Europe with evidence satisfactory to Europe of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement. Further, Advance hereby appoints Europe as Advance's attorney-in-fact to execute such documents and take such actions as are necessary in the event that Advance fails to comply with this Section 14.4.

14.5 Advance agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation the Marks either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Network's or Europe's

-12-

13

exclusive rights in and to the Marks and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Network or Europe so as to constitute unfair competition.

14.6 Advance shall pay to Europe all damages, costs and expenses, including reasonable attorneys' fees, incurred by Europe subsequent to the termination or expiration of the Business in obtaining injunctive or other relief for the enforcement of any provisions of Articles 12 and 14.

14.7 Advance shall immediately turn over to Europe the Operations Manual, records, files, instructions, brochures, agreements, disclosure statements, manuals with respect to the Licensed Software, any copies of the foregoing, and any and all other materials provided by Europe to Advance, or copies thereof, relating to the operation of the Business.

14.8 Europe shall have the right, in its sole and absolute discretion, to purchase from Advance its then on-going Member Restaurant accounts for (i) twenty-five (25%) of the retail value of Advance's rights to receive, upon the purchase of such rights to receive, and (ii) an additional twenty-five (25%) per cent of the retail value of Advance's rights to receive, at such time as Europe collects on the rights to receive from Advance's TRANSMEDIA Cardholders, less any amounts remaining to be paid by Advance to Member Restaurants.

14.9 Advance acknowledges that its failure to cease use of the Marks at the termination or expiration of this Agreement will result in immediate and irreparable damage to Europe. Advance acknowledges and admits that there is not adequate remedy at law and Advance agrees that, in the event of such failure, Network and Europe shall be entitled to equitable relief by way of temporary and permanent injunctions and such other and further relief as any court with jurisdiction may deem just and proper, other provisions to the contrary in this Agreement notwithstanding.

15. INSURANCE

15.1 Advance will maintain, no later than two (2) months after the Closing Date at its own expense, in full force and effect at all times during which Advance is making any use of the Marks, with a responsible insurance carrier acceptable to Europe, a comprehensive liability insurance policy, including coverage for product and contractual liability, with combined single coverage of at least Two Million (\$2,000,000) U.S. Dollars. This insurance will be for the benefit of Europe and Advance and will provide for at least ten (10) days' prior

-13-

14

written notice to Europe and Advance of the cancellation or any substantial modification of the policy.

15.2 The insurance afforded by the policy or policies respecting liability shall not be limited in any way be reason of any insurance which may be maintained by Europe. No later than 30 days prior to the commencement of operations, Advance shall provide Europe with a Certificate of Insurance showing compliance with the foregoing requirements. Such certificate shall state that said policy or policies will not be canceled or altered without at least twenty (20) days' prior written notice to Europe and shall reflect proof of payment of premiums. Maintenance of such insurance and the performance by Advance of the obligations under this Article 15 shall not relieve Advance of liability under the indemnity provision set forth in this Agreement.

15.3 Should Advance, for any reason, not procure and maintain such insurance coverage as required by this Agreement, Europe shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance coverage and to charge same to Advance, which charges, together with a reasonable fee for expenses incurred by Europe in connection with such procurement, shall be payable by Advance immediately upon notice.

16. TRANSFERABILITY OF INTEREST

16.1 Advance may not assign or Transfer this Agreement or any of Advance's rights or obligations hereunder without Europe's prior written consent, except for an assignment to La Carte, which assignment shall be permitted. Upon the assignment by Advance to La Carte, Advance shall be relieved

of all obligations within this Agreement. Except with respect to the assignment to La Carte the assignor shall remain liable to Europe for the obligations of the assignee.

17. INDEPENDENT CONTRACTOR: INDEMNIFICATION

17.1 This Agreement does not constitute Advance as an agent, legal representative, joint venturer, partner, employee or servant of Europe or Network for any purpose whatsoever; and it is understood between the parties hereto that Advance shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Europe or Network, or to create any obligation, express or implied, on behalf of Europe or Network. Under no circumstances shall Europe or Network be liable for any act, omission, debt or any other obligation of Advance.

17.2 Advance covenants and agrees to indemnify and hold Europe and Network harmless against and from any and all claims, demands, judgments, damages, suits, losses, penalties, expenses,

-14-

15

costs, settlements and liabilities of any kind or nature (including reasonable attorneys' fees), arising or resulting from (i) any default in the observance, performance or breach of any representation, warranty, covenant or agreement made by Advance or required to be performed, observed or kept by it under this Agreement or (ii) claims based upon products liability, which liability Europe hereby specifically disclaims.

17.3 Advance agrees to indemnify and hold Europe and Network harmless for any alteration or misuse of any service provided through the Business, and for any such claims, loss or damage incurred therefrom.

17.4 Advance shall alone be responsible for all loss or damage originating in or in connection with the operation of its Business and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting from its Business and Advance agrees to indemnify and hold Europe and Network harmless from any such claims, loss or damage. However, Advance shall not be required to indemnify for any claims arising out of a breach of this Agreement or other civil wrongs of Europe.

18. REPRESENTATIONS AND WARRANTIES

18.1 Advance represents and warrants to Europe as follows:

(a) Advance is a corporation duly organized or formed, validly existing and in good standing under the laws of Delaware and has all requisite power and authority to enter into this Agreement and perform its obligations hereunder.

(b) This Agreement and the consummation of the transactions contemplated hereby have been duly and validly approved by all corporate actions required to be taken by it. The Agreement has been duly and validly executed and delivered by it and constitutes a valid and binding obligation enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or by equitable principles relating to or limiting creditors' rights generally.

(c) The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not (i) violate any provision of its Certificate of Incorporation, by-laws, or other charter or organization documents, (ii) violate any provision of, or constitute a default under or breach of, any agreement or instrument, or any judgment, decree or order to which it is a party or by which it is bound, or (iii) constitute a violation by it or of any law, rule or regulation of any governmental or regulatory body, commission,

-15-

16

agency or other authority applicable to it, and any of such events would have a material adverse affect on this Agreement or the transactions contemplated hereby.

18.2 Europe represents and warrants to Advance as follows:

(a) It is a corporation duly organized or formed, validly existing and in good standing under the laws of the state of Delaware and has all requisite power and authority to enter into this Agreement and perform its obligations hereunder.

(b) This Agreement and the consummation of the transactions contemplated hereby have been duly and validly approved by all corporate actions required to be taken by it. The Agreement has been duly and validly executed and delivered by it and constitutes a valid and binding obligation enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or by equitable principles relating to or limiting creditors' rights generally.

(c) The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not (i) violate any provision of its Certificate of Incorporation, by-laws, or other charter or organization documents, (ii) violate any provision of, or constitute a default under or breach of, any agreement or instrument, or any judgment, decree or order to which it is a party or by which it is bound, or (iii) constitute a violation by it or of any law, rule or regulation of any governmental or regulatory body, commission, agency or other authority applicable to it, and any of such events would have a material adverse affect on this Agreement or the transactions contemplated hereby.

19. NON-WAIVER

19.1 No failure of Europe to exercise any power reserved to it hereunder, or to insist upon strict compliance by Advance with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Europe's right to demand exact compliance with the terms hereof. Waiver by Europe of any particular default by Advance shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Europe's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Europe to exercise any power or rights arising out of any breach or default by Advance of any of the terms, provisions, or covenants hereof, affect or impair Europe's rights nor shall such constitute a waiver by Europe of any right hereunder or of the right to

-16-

17

declare any subsequent breach or default. Subsequent acceptance by Europe of any payment(s) due to it hereunder shall not be deemed to be a waiver by Europe of any preceding breach by Advance of any terms, covenants or conditions of this Agreement.

20. NOTICE

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, mailed by certified mail, return receipt requested, or delivered by courier service requiring signature Upon delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Advance:
International Advance, Inc.
11 St. James's Square
London SW1Y 4LB
ENGLAND

Notices to Europe:
Transmedia Europe Inc.
11 St James's Square
London SW1Y 4LB
ENGLAND

All notices hereunder shall be deemed to be effective upon delivery.

21. COST OF ENFORCEMENT OR DEFENSE

In the event that either party to this Agreement is required to employ legal counsel or to incur other expenses to enforce any obligation of the

second party hereunder, or to defend against any claim, demand, action, or proceeding by reason of the second party's failure to perform any obligation imposed upon the second party by this Agreement, and provided that legal action is filed and such action or the settlement thereof establishes the second party's default hereunder, then the first party shall be entitled to recover from the second party the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to, or in preparation for, or in contemplation of the filing of such action or thereafter.

22. ENTIRE AGREEMENT

This Agreement and any documents referred to herein, shall be construed together and constitute the entire, full and complete agreement between Europe and Advance concerning the

-17-

18

subject matter hereof, and supersede all prior agreements. No other representation has induced Advance to execute this Agreement, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties.

23. SEVERABILITY AND CONSTRUCTION

23.1 Each section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of or affect the remaining portions, sections, parts, terms and/or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid Sections , parts, terms and/or provisions shall be deemed not part of this Agreement; provided, however, that if Europe determines that said finding of illegality adversely affects the basic consideration of this Agreement, Europe may, at its option, terminate this Agreement.

23.2 Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Europe or Advance and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement.

23.3 Advance expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms

of any provision hereof, as though it were separately stated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Europe is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

23.4 All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

24. APPLICABLE LAW

24.1 This Agreement takes effect upon its acceptance and execution by Europe in New York; and shall be interpreted and

-18-

19

construed under the laws thereof, which laws shall prevail in the event of any conflict of law.

24.2 Advance acknowledges and agrees that this Agreement is entered into in New York County, New York and that any action sought to be brought by either party for the purpose of enforcing the terms and provisions hereof shall be brought in the United States District Court for the State of New York, Southern District, or the State Court for the State of New York, and the parties do hereby consent to personal jurisdiction and venue in said courts for such purposes.

24.3 No right or remedy conferred upon or reserved to Europe or Advance by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

24.4 Nothing herein contained shall bar Europe's right to obtain injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

25. COUNTERPARTS

This Agreement may be executed in counterparts, each of which when so executed shall be deemed an original, but all such counterparts together shall constitute one and the same instrument.

-19-

20

IN WITNESS WHEREOF, the parties hereto, intending to be legally

bound hereby, have duly executed, sealed and delivered this Agreement on the day and year first above written.

ATTEST:

TRANSMEDIA EUROPE INC.
By: _____
Title: _____

ATTEST:

INTERNATIONAL ADVANCE INC.
By: _____
Title: _____

TMNI International Inc. ("TMNI") hereby approves the granting of this Sublicense to International Advance, Inc. and to its anticipated assignee, Transmedia La Carte Restaurant, S.A. subject to the receipt of payment by TMNI of the sum of \$US250,000. TMNI further agrees that upon a default under the Master License by Europe, Advance shall be notified of such default and, provided that such default has not been caused by a default of Advance, Advance shall continue to have all rights granted under this Agreement except that the granting party shall be thereafter deemed to be TMNI and all rights and obligations under this Agreement shall be between TMNI and Advance.

TMNI INTERNATIONAL INC.

By: _____
Melvin Chasen, President

Agreement dated December 6, 1996, by and among Transmedia Network, Inc., TMNI International Incorporated (Transmedia Network, Inc. and TMNI International Incorporated are collectively referred to herein as "Network"), Transmedia Europe, Inc. and Transmedia Asia Pacific, Inc. (Transmedia Europe Inc. and Transmedia Asia Pacific, Inc. are individually referred to as "TMNE" and "TMNA" respectively and are collectively referred to as the "Network Licensees")

WHEREAS Network and TMNE are parties to a Master License Agreement dated December 14, 1992 as amended (the "TMNE License");

WHEREAS Network and TMNA are parties to a Master License Agreement dated March 21, 1994 (the "TMNA License").

WHEREAS the parties wish to enter into certain agreements set forth herein which either directly or by operation of such agreements modify the terms of the TMNE License and the TMNA License (collectively called the "Licenses").

NOW, THEREFORE the parties, intending to be legally bound, agree as follows:

1. Definitions. Except as otherwise specifically defined herein, capitalized terms used herein shall have the same meanings ascribed to them in the Licenses.

2. Restructuring. The Network Licensees and certain affiliates of the Network Licensees intend to enter into a corporate restructuring (the "Restructuring") pursuant to which a holding company (herein called "New Corp.") will be established. The Network Licensees (which may be merged into one entity), together with any other entity to which any rights under the Licenses are granted (collectively with the Network Licensees, the "Network Business Entities"), and other entities that are not engaged in the "Business" will comprise direct or indirect subsidiaries of New Corp. (New Corp. and all such subsidiaries being referred to collectively as the "New Corp. Group"). It is likely that New Corp. will be a publicly traded company. Subject to the terms and conditions set forth in this Agreement, Network agrees that the Restructuring and the establishment of the New Corp. Group will not constitute a breach of the Licenses. Upon the completion of the Restructuring, New Corp. shall pay to Network the sum of U.S. \$250,000 which payment shall be made by wire transfer to a bank account designated by Network.

3. Permitted Operations of the New Corp. Group. The members of the New Corp. Group, other than the Network Business Entities, may engage in any business or activity of any nature whatsoever other than activities which are in competition with the "Business" under the terms of the Licenses provided that all such non-competitive businesses and activities shall not be conducted under the Marks; no member of the New Corp. Group shall have any liability or

obligation to Network as a result of engaging in such non-competitive activities.

2

4. Operations of the Network Business Entities. The operations of the Network Business Entities shall be conducted exclusively in one or more separate corporations, none of which shall engage in any business or activity except in connection with the Business. Nothing contained herein or in the Licenses shall prohibit the Network Business Entities from being owned by one or more other members of the New Corp. Group.

5. Countdown Businesses. Notwithstanding the provisions of paragraph 3 above, New Corp. or a subsidiary of New Corp shall have the right to acquire and conduct on a worldwide basis the business of Countdown, plc, Holding Corp. ("Countdown") in exchange for the payment to Network on the closing of such acquisition of the sum of U.S. \$750,000 which payment shall be made by wire transfer to a bank account designated by Network. New Corp. and the Network Licensees shall not permit Countdown to use the Network Business Entities' list of Cardholders or their list of Member Restaurants in connection with any activities of Countdown or any other member of the New Corp. Group which would be competitive with the Business. The foregoing shall not prohibit an interest owner of a Network Business Entity from at the same time also owning an interest in Countdown, plc, provided that the limitation on use of the Cardholder and the Member Restaurants list is maintained. The business of Countdown shall not be conducted under the Marks and shall not use the system of operations described under the term Business in Section 1.2 of the Licenses.

6. Modification of Licenses. In addition to modifications or amendment to the Licenses resulting from the provisions or paragraphs 1 through 5 hereof, the Licenses shall be modified and amended as follows:

(i) The definition of the term "Licensees" shall be modified to include all members of the New Corp. Group who succeed to the interest of such Licenses by Transfer or operation of law as permitted by the Licenses or this Agreement

(ii) Solely to facilitate transfers among members of the New Corp Group the Licenses shall be amended to eliminate any requirement for prior Network approval of transfers of Control of the Licensee from any member of the New Corp. Group to any other member of the New Corp. Group as well as to eliminate any other restriction on transferability among members of the New Corp. Group. In addition, the Licenses shall be amended by eliminating Section 22.5.

(iii) (A) The first sentence of Section 1.3 of each License Agreement shall be amended by inserting

3

the words "direct or indirect (as such term is used in Section 22.3(g) hereof)" prior to the words "beneficial ownership" and

the words "other than a member of the New Corp. Group" immediately after the words "beneficial ownership."

(B) Section 22.3 of each License Agreement shall be amended by (i) deleting "or" at the end of each clause (e) thereof, (ii) inserting "; or" in lieu of the period at end of each clause (f) thereof, and (iii) inserting the following clause (g) in each such Section 22.3:

"(g) any person or group other than a member of the New Corp. Group shall acquire, directly or indirectly, beneficial ownership of thirty percent or more of the equity of the Licensee, without the prior written consent of the Licensor. For purposes of Section 1.3 and this clause (g), a person or group shall be deemed to acquire beneficial ownership, indirectly, of a proportional percentage of the equity of the Licensee by acquiring beneficial ownership, directly or indirectly, of an equity interest in any other person which itself beneficially owns, directly or indirectly, an equity interest in the Licensee. The terms "acquires," "group" "directly and indirectly" and "beneficially own" shall have the respective meanings and usages ascribed to them under Section 13(d) of the Securities Exchange Act of 1934, as amended, and Regulation 13D-G thereunder."

(iv) Section 21.1 shall be amended by deleting the first sentence thereof and substituting the following: "Licensee covenants that during the Term of this Agreement, except as otherwise approved in writing by Licensor, Licensee's designated manager, who shall be approved in writing by Licensor, shall devote sufficient time, energy and efforts necessary for the management and operation of the Business.

(v) The New Corp. Group shall take all reasonable steps to ensure that the Network

4

Licensees shall maintain sufficient working capital necessary to conduct the Business in the ordinary course. In this regard, the Licenses shall be amended by adding a new subsection (l) to Section 22.2 as follows, "(l) failure to maintain working capital adequate to conduct Licensee's Business in the ordinary course".

7. Permitted Operations of Network. Network may engage in any business or activity of any nature whatsoever other than activities which are in competition with the "Business" under the terms of the Licenses in the Territories under the Licenses. Network shall have no liability or obligation as a result of engaging in such non-competitive activities. Such non-competitive businesses shall not be conducted under the Marks. In addition, Network may establish, acquire and operate in the Territories a competitive business similar

to that conducted by Countdown provided that such competitive business shall not be conducted under the Marks and shall not use the system of operations described under the term Business in Section 1.2 of the Licenses.

8. Conflicts: Reaffirmation of Licenses. In the event of any explicit conflict between the terms and provisions of the Licenses and the terms and provisions of this Agreement, the terms and provisions of this Agreement shall govern. Except as modified and amended hereby, the Licenses shall remain in full force and effect in accordance with their terms.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement the day and year first above written.

TRANSMEDIA NETWORK INC.

ATTEST:

By: _____

Title: _____

TMNI INTERNATIONAL INCORPORATED.

ATTEST:

By: _____

Title: _____

5

TRANSMEDIA EUROPE, INC.

ATTEST:

By: _____

Title: _____

TRANSMEDIA ASIA PACIFIC, INC.

ATTEST:

By: _____

Title: _____

FIRST AMENDMENT TO SUBLICENSE AGREEMENT

THIS FIRST AMENDMENT TO SUBLICENSE AGREEMENT (this "Amendment") is made the __th day of January, 1997, by and among Transmedia Europe Inc., a Delaware corporation ("Europe"), International Advance Inc., a Delaware corporation ("Advance") and Transmedia La Carte Restaurant S.A, a French societe anonyme (the "Licensee"). Terms not otherwise defined herein shall have the meanings assigned to them in the Sublicense Agreement dated 30th June, 1995 between Europe and Advance.

W I T N E S S E T H:

WHEREAS, Advance has entered into a Sublicense Agreement dated as of 30th June, 1995 (the "Sublicense Agreement") with Europe, pursuant to which Europe granted an exclusive license to Advance to use certain trademarks and service marks and certain licensed software in the operation of a specialized credit card business in France and Monaco;

WHEREAS, the Licensee and Advance entered into a Bill of Sale and Assignment and Assumption Agreement dated as of 27th July, 1995, pursuant to which Advance assigned its rights and obligations under the Sublicense Agreement to the Licensee and the Licensee assumed all of Advance's rights and obligations under the Sublicense Agreement; and

WHEREAS, the parties hereto desire to amend certain provisions of the Sublicense Agreement.

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, IT IS AGREED:

1. Section 1.10 of the Sublicense Agreement shall be amended in its entirety as follows:

"1.10 "Territory" shall mean France, Monaco, Belgium, Luxembourg, Italy, Spain and Switzerland (with the exception of the German-speaking portion)."

2. Upon the execution of this Amendment and as full and final consideration for the extension of the Territory by Europe to include Belgium, Luxembourg, Italy, Spain and Switzerland (with the exception of the German-speaking portion), the Licensee will pay to Europe by bank wire transfer the sum of Nine Million Two Hundred and Fifty Thousand (FF 9,250,000) French Francs. Europe hereby represents, warrants, covenants and agrees that it will pay to Network on a timely basis all amounts due to Network pursuant to the Master License Agreement, including in particular all payments due pursuant to section 14.3 of the Master License

Agreement, and that the execution of this Amendment by Europe has been approved by Network and will not violate any provision of the Master License.

3. Section 3 of the Sublicense Agreement shall be amended in its entirety as follows:

" 3. DEVELOPMENT OBLIGATIONS

Operations in each of the countries comprising the Territory shall commence as promptly as possible following the execution of this Agreement, but the commencement of operations in each such country will be determined solely by the Board of Directors

2
of the Licensee after taking into account all relevant factors including the availability of sufficient capital."

4. Except as otherwise amended herein, the Sublicense Agreement shall remain in full force and effect.

5. This Amendment shall be interpreted and construed under the laws of the State of New York, which laws shall prevail in the event of any conflict.

IN Witness WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Amendment in triplicate on the day and year first above written.

ATTEST

TRANSMEDIA EUROPE, INC.

By: _____

ATTEST

INTERNATIONAL ADVANCE, INC.

By: _____

ATTEST

TRANSMEDIA LA CARTE RESTAURANT S.A.

By: _____

TMNI International Inc ("TMNI") hereby approves this Amendment to the Sublicense Agreement subject to satisfaction by Europe of the terms of the Master License Agreement, as amended. TMNI further agrees that upon a default under the Master License Agreement by Europe, the Licensee shall be notified of such default and, provided that such default has not been caused by a default of the Licensee, the Licensee shall continue to have all rights granted under the Sublicense Agreement and this Amendment except that the granting party shall be thereafter deemed to be TMNi and all rights and obligations under the Sublicense Agreement and this Amendment shall be between TMNI and the Licensee.

TMNI INTERNATIONAL, INC.

By: _____

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